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# ***JPRS Report***

## **East Europe**

# East Europe

JPBS-EER-89-004

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11 JANUARY 1989

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## CZECHOSLOVAKIA

**Need To Revive National Front Stressed**  
24000029 Prague LIDOVÁ DEMOKRACIE in Czech  
11 Nov 88 p 1

[Article by Alena Slezakova: "Rights and Duty"]

[Text] The session of the Central Committee of the National Front of the Czech Socialist Republic, which took place last week, dealt with an immensely serious question—the activation of the National Front and increasing its participation in the creation, realization, and control of policy. In other words, the session set the directions which the organs and organizations of the National Front should follow so as to become a true foundation for the active and creative work of the broadest strata of the population in favor of our country.

The activities of the National Front are participated in, in any event, by the overwhelming majority of the citizens of our state—more than 95 percent of the total adult population are members of political parties or social and special-interest organizations. This means that both as to its structure and also with respect to its diversity the National Front is an actual platform for the development of popular activities, for the self-realization of people in the political life of the nation, for their participation in the socioeconomic changes occurring in the country, and for their participation in the administration of public affairs.

The fact remains that, for the time being, we have not been able to utilize this mighty force which is represented by the National Front fully and beneficially. We have burdened it with many manifestations which limited its action possibilities and its political-educational function and which, in their final effect, retarded the participation of citizens in policy—bureaucratism, excessive paperwork, formalism, duplicate education, etc. And so, there is frequently neither time nor available manpower to accomplish that work which would truly react to the requirements or concerns of the members of individual organizations.

It cannot be expected that everything will change as if one were to wave a magic wand. In any event, however, the National Front today faces a broad area for the application of its political role; this was found to be true also at the session of the Central Committee of the National Front of the Czech Socialist Republic. Only the second question involves the manner in which this area will be utilized. And the solution of this question is not dependent upon the decision of "higher" organs and will not be given "from above." It will stem from the initiative demonstrated by the individual organizations of the National Front, it will be based on their daily activities—in other words, in the results of the capabilities of every member to come up with something new and to prove capable of prosecuting his ideas under current conditions.

In other words, more than ever before in the past, everything depends on the initiative of individuals. On their willingness to struggle for that which is good and, thus, to a considerable extent, even on their courage.

Today, there is open talk about many difficulties and shortcomings which have made our life in the recent past more difficult. The loss or shortage of civic courage is among the most pivotal shortcomings. Actually, what has become of the citizen—that is to say, from the concept which, since the time of the French Revolution, characterizes the initiative and committed individual? Like every generalization, the following is also somewhat inaccurate. But basically we have reached a situation in which the concept of "citizen" defines some kind of amorphous mass of people, without taking into account that it is made up of individuals, of people with their own views, of people with life experiences and their own attitudes. We tend to speak of the "citizen—institution" relationship. But, in the relationship with institutions, the citizen is more like a supplicant; his personal commitment tends to get lost in this relationship. In the relationship with other citizens, subjective viewpoints play a role. We consider the person sitting next to us at a meeting a citizen; however, we do not consider a citizen to be our neighbor with whom we discuss matters we would rather not discuss at the above meeting in order to be on the safe side.

Mostly, we continue to connect the word citizen with the concept of civil rights. And yet, if we speak of civil rights, let us also speak of civic duties. It is undoubtedly pleasant to find out that temporary shortages of goods in our market will be solved through imports. But people do not have to have such great memories to recall that, let us say even 2 years ago, one or another product (generally on a current basis) was on the market and was of domestic origin. Why is it not available today if the responsible production enterprise was neither liquidated nor impacted by some natural catastrophe? Someone probably neglected their civic duty here, probably one of the more fundamental ones—to correctly do that which society requires of me and for which, after all, it pays me. To the extent to which anyone longs for a more lapidary characterization, let them stand for 5 minutes, let us say in a queue of women lined up before a drugstore.

The neglecting of civic duties has facilitated the mushrooming of manifestations which annoy everybody anywhere and which definitely did not occur as a result of some kind of regulations passed down from higher locations. There is no law or proclamation which would prescribe corruption, favoritism, the abuse of functions for personal gain. We have made these things possible ourselves by our lack of interest or our indifference, by our "surely sometimes justified" fear of what would happen if we sound off. And so we chose to remain silent....

What have these considerations to do with the activation of the National Front? The connection is simple and is based on the fact that virtually every one of us is in some

organization of the National Front. The fact remains that every one of us has a basis for openly expressing what vexes him or his environment, what should be solved and, possibly, even suggesting how it should be solved. In comparison with the past, when our civic activity was limited to raising our hand in voting on a resolution, this is naturally substantially more demanding. It requires special approaches which are well-thought-out and well-justified—and usable, because to think up something new at any price, only for the sake of originality and without regard to the possibilities of its utilization, is also not the right thing to do.

So in recent times we are returning to a number of traditions from which our present situation arose and grew. In making these returns, let us not forget the basics: the situation upon which we are building occurred to the benefit of this country of which we are citizens and which we love. Let us take the type of action which would give our posterity something to build on.

**Slovak, Czech Living Standards Compared**  
24000022 Bratislava NOVE SLOVO in Slovak  
27 Oct 88 p 5

[Article by Eng Michal Majtan, Research Institute for Regional Planning, Bratislava: "Figures From Our Pocket"]

[Text] In the past, the socioeconomic and demographic development in the SSR and the CSR differed due to their diverse initial positions. This was reflected, among other things, in the different standards of public services. In more specific terms, public consumption in financial expression means various goods, services and benefits which our society provides free of charge to the population through various organizations. Figures are not very exciting, but in this case, they may be very revealing.

In the SSR total public services consumption last year amounted to Kcs 61.4 billion, or Kcs 11,756 per capita, and in the CSR it amounted to Kcs 132.4 billion, or Kcs 12,795 per capita. However, in 1980 the per capita public services consumption in the SSR was on the average Kcs 610 below that in the CSR. By 1985 that difference rose to Kcs 1,083. A favorable development in 1986 and 1987 reduced the disparity between the SSR and the CSR in absolute expression to Kcs 1,044, and Kcs 1,039, respectively.

Approximately 58 percent of the differences between both republics in public consumption stemmed from the differences in social security (Kcs 617 per capita in 1986, and Kcs 600 in 1987). Public services consumption in social security is provided in our republic on the basis of uniformly applicable legal regulations stipulating the amount of pensions, disability benefits, children's benefits, maternity benefits, and so on.

What then is the cause of the above-mentioned differences? Primarily, they are the result of the differences in the structure of the population, and to some extent, also of the different morbidity rates and of the difference in wages which in the SSR are lower. Last year, for instance, only 172 per thousand citizens in the SSR were of the postproductive age, as compared with 204 in the CSR. On the other hand, last year 336 per thousand citizens in the SSR and only 299 in the CSR were under 19 years of age.

The remaining differences (roughly 42 percent) in per capita conversion amounted in 1987 to Kcs 439. Nevertheless, that difference is the sum total in which, on the one hand, share the nonproduction sectors whose per capita public services consumption in the SSR is higher than in the CSR. They include communal economy, nonproduction communications, and the educational and cultural systems where in 1987 the SSR per capita public services consumption was Kcs 389 higher than in the CSR. On the other hand, that balance was jointly produced by four nonproduction sectors in which the SSR's public services consumption is lower than that of the CSR, for example, housing economy, health care, social services, passenger transportation, and other service sectors. However, the per capita public services consumption in public organizations was essentially the same in both republics.

The remaining difference (Kcs 439 in 1987, not including social security) was affected in various ways by individual nonproduction sectors, as may be illustrated by several selected examples.

In passenger transportation two years ago the SSR's public services consumption was Kcs 235 below that in the CSR because of the basically lower share of municipal mass transport in the SSR due to a lower degree of urbanization. In municipal mass transport our society last year covered costs amounting to Kcs 284 per capita in the CSR and to only Kcs 105 in the SSR. More mass transport by the CSAD [Czechoslovak Bus Transport] in the SSR cities, however, the per capita subsidies for it are lower than for municipal mass transport.

For comparison let us take a look at another sector—housing economy. As compared with the CSR, public services consumption in the SSR in this sector is relatively very low. Last year the per capita consumption in the SSR was Kcs 316 below that in the CSR. The difference stems from a lower share of state-subsidized housing which in the SSR amounted in 1987 to no more than 21 percent of our national total. In addition, higher average compensations for the use of the state-owned housing affects the lower per capita public services consumption in the SSR. In 1986 it represented Kcs 1,627 annually in the SSR, and only Kcs 1,376 in the CSR, because of the higher share of new housing units in the SSR and thus, also of housing of the first and second category.

The educational system provides another example. Last year its per capita public service consumption in the SSR was on the average Kcs 207 higher than in the CSR, but in conversion to the population between 3 and 23 years of age, it was only Kcs 4 per capita higher than in the CSR. In relative expression, that difference is insignificant (approximately 0.1 percent). Therefore, the public services consumption in education was basically balanced.

In culture, the SSR's per capita public services consumption in 1987 was Kcs 86 higher than in the CSR, mainly because of the state subsidy to television and radio which is relatively higher in the SSR due to a lower number of subscribers in the SSR and thus, due to lower revenues from receipts from the SSR radio and television subscribers in relation to costs.

What is the situation of our health care and social services? The SSR per capita publication consumption last year was Kcs 244 below that in the CSR particularly because of the differences in appropriate public facilities, and because of lower average wages. Of course, the situation of such facilities is also connected with a lower average number of health and social workers per 1,000 citizens in the SSR. Last year the SSR had 11,000 fewer beds than the CSR.

The principle of social equality of our citizens is firmly anchored in the CSSR Constitution, which means that individual groups of citizens are guaranteed that their specific needs will be covered and ensured relatively evenhandedly by public services in every sector in each republic. The differences in per capita conversion in our republics and regions may be justified only by differences in the demographic structure of our populace.

From the above data it follows that at present, the satisfaction of the needs of the SSR population by public services agrees with the demographic situation in social security, in the educational system, in culture, and in public organizations. Furthermore, it agrees with the structure of housing in the housing economy; the structure of transportation systems in passenger transport is also commensurate (a lower degree of urbanization and of municipal mass transport in the SSR). Nevertheless, it remains urgent to continue the processes of equalization of disparities.

#### **Ratio Between Czech, Slovak TV Programs Defended**

24000025 Bratislava *PRAVDA* in Slovak 16 Nov 88 p 5

[Article by Eugen Hanisko, first deputy director of Czechoslovak Television in the SSR: "We Are Against Any Sowing of Dissension"]

[Text] In its poll "Federation—Bratislava—Culture," *PRAVDA* published (on 6 October 1988) some thoughts of the meritorious artist Juraj Sarvas, who touched, among other things, upon a crucial problem concerning

the pattern of programs broadcast on Czechoslovak television. Naturally, the meritorious artist could be invited to Mlynska Dolina to discuss in person his views on the problems he has posed. Our experience gained from our conversation with TV viewers (which were conducted in nearly every district of Slovakia and in which a great many viewers participated) also confirms that isolated voices may be heard expressing their dissatisfaction with the programming of our TV programs. Some viewers think that we are scheduling fewer programs in the Slovak language. Of course, as Comrade Sarvas cautions, this is a delicate issue that calls for a very tactful, attentive and sensitive approach, so that our TV screen continues as much as possible to help bring both our nations closer together and foster their mutual understanding and knowledge of the cultures of both our nations. Therefore, we shall deal with this topic in greater detail not only from the viewpoint of casual and superficial watching of programs, but also on the basis of objective facts.

I should like to assure Comrade Sarvas and with him, other TV viewers, that the administration of the CST [Czechoslovak Television] in Prague (which includes an adequate representation of TV managers from the SSR) is approaching the assessment of this issue most deliberately and responsibly, so that our TV viewer does not feel that the TV screen is but a one-way channel promoting only one nation's culture. The whole problem has far greater ramifications. Without burdening the reader with a mass of statistics, we should like to offer at least a few basic data.

First of all, it should be pointed out that as every other branch of our national economy, the television is an important device of mass information, propaganda and development of national culture. It has made great strides in the past decades. While our broadcasts were expanding, our production and technological capacities could not keep in step. This year the overall range of broadcast in both republics will amount to more than 10,000 hours, of which 4,250 on Channel 1 and 2,850 hours on the other two national channels. However, total production of programs made in Czech studios represents 3,400 hours and those made in Slovak studios 2,270 hours. This in itself already proves that if we want to cover a large area with programs on both channels, we cannot avoid airing every program produced in the studios, even if we consider that 26-28 percent of programs are reruns. Thus, it is inevitable that the programs telecast on Channel 2 are also exchanged between the CSR and the SSR. These facts underline considerable contradictions between our needs and our capacities. Furthermore, they unambiguously confirm that even if we would accept in theory that the CST employees in Prague who produce programs for statewide broadcast on Channel 1 may want to shun programs made in Slovakia, they would find it difficult. It is objectively true that every year we broadcast on Channel 1 and especially on Channel 2 more statewide programs than originally planned.

Last January the Secretariat of the CPCZ Central Committee approved a document entitled "The Tasks of the CST in the Fulfillment of the Decisions of the 17th CPCZ Congress" which states: "In its conception, planning and structure of programs, Channel 1 has a statewide character with the focus on such fundamental political, propaganda and entertainment programs that help strengthen mutual friendship among our nations and nationalities in our Federation, and which intensify the consciousness of our Czechoslovak statehood. All Czech and Slovak studios will participate in its planning." The document stresses that the other channels were conceived as alternatives to Channel 1 with distinct predominance of either the Czech or the Slovak language. The CST administration approved the principles which guarantee full implementation of those programmatic objectives.

In his sincere concern Comrade Sarvas calls attention to the need for "sensitivity toward Slovak youth." Again, we may offer some facts. Programs intended for children and youngsters up to 12 years of age are broadcast on Channels 1 or 2 exclusively in their mother tongue. Fairy tales and other programs for children are produced in Czech studios with Slovak dubbing, and conversely, Slovak programs with Czech dubbing. As concerns programs for teenagers (such as TKM and others), many are produced and also telecast partly in the Czech and partly in the Slovak language. Some musicals (for example, "Triangle") are produced only in Slovakia for statewide broadcast, while others are made in Czech studios also for statewide broadcast. It is quite natural—and for the best—that in such a situation participants from the CSR appear in programs produced in Slovakia, and vice versa.

As regards journalism, information and documentaries, their production follows the principles of division of labor and cooperation. For instance, the program "Perspectives" is aired 24 times a year, of which 8 times from Bratislava, 4 times from Kosice, and 12 times from Brno. The popular news program "Majak" [Beacon] is broadcast 20 times a year from Prague, 21 times from Bratislava, and 3 times from Ostrava, Brno and Kosice.

Nevertheless, nobody can do everything and therefore, division of labor was adopted. For example, this year "Sondy" [Probes] is broadcast exclusively from Prague, but next year the same program will be presented 12 times from Bratislava. The roundtable discussion "Your Turn to Speak" which was first broadcast exclusively in the Slovak national region is now aired statewide from Bratislava 12 times a year. Precisely this division of labor permitted all documentaries about the world of nature, animals and vegetation in individual natural areas of the CSSR to be produced and broadcast exclusively from Bratislava and Ostrava. And so we could go on and on. Also, various important documentaries are created on the basis of an agreement according to which one program is produced by one, and the next by another studio, depending on their production capacities, cadre and other conditions and possibilities. Moreover, in

some instances, as in the production of the serial "Chronicle of Our Life" dedicated to the 40th anniversary of our liberation, as many as 30 of the 40 segments with the same dramatic focus were produced in Prague and 10 in Bratislava, and then the entire serial was broadcast in the CSR in the Czech, and in the SSR in the Slovak version. The same approach will be followed in the production of the 7-part series "Milestones of Socialist Health Care" or of the serial on our agricultural development in conjunction with the upcoming 40th anniversary of the collectivization. Both serials are being made in the studios in Slovakia for telecast in both languages.

However, let us take a look at some specific points made by the meritorious artist Juraj Sarvas, for example "Sunday Moments with Poetry." Of course, it may happen that this program which is devoted to popularization of poetry will present more programs from Prague and thus, create an erroneous impression that Slovak poetry has disappeared from the TV screen. Nevertheless, the facts are merciless. From January to the end of October of this year that particular program was broadcast 45 times, of which 16 times from Slovakia. In addition, this year we scheduled 12 programs of the "Moments of Slovak Poetry" for the Slovak national region. This objective reality cannot be misinterpreted. The ideological and topical plan for 1989 envisages again 22 statewide broadcasts of "Sunday Moments with Poetry" on Channel 1. Naturally, when the program is aired, it may again happen that the poetry readings may be offered 3 times in one month from Prague or Brno, but then the following month from Bratislava. When preparing the ideological and topical plan, we proceed from certain dramatic demands so that our poetry does not sound formalistic and as an end in itself, but that it follows logically from certain ideological and cultural needs or is linked with them. Finally, the ideological and topical plan was not—and is not—concocted behind locked doors; it is the outcome of creative in depth discussions by councils of editors in chief of literary and dramatic programs. It benefits from discussions by statewide commissions of experts, such as the advisory board of the CST administration and ultimately, it is critiqued by the administration. Thus, the ideological and topical plan is not shrouded in secrecy, and every interested citizen may take a look at it in the CST in Bratislava, Kosice or Banska Bystrica, and express his or her opinion about it.

In his published contribution Comrade Juraj Sarvas legitimately underscored the shortcomings of weekend TV programs. The schedule of programs presupposes that precisely on Saturday and Sunday our TV viewers should be offered programs that will help them relax after their week-long labors. The SSR studios must bear an equal share of broadcast on Saturday and Sunday as every other day. However, we must be self-critical enough to admit that we are not always equal to such a challenge. Due to more creative sources, the standard of popular programs made in the CSR studios is often

higher than the standard of the Slovak ones and therefore, in accordance with our demanding criteria, higher standards and quality get priority. Although this year we have "scored"—to use a sports term—on several Saturdays and Sundays on Channel 1 (popular musicals in the series "One Day in One County"), this is not enough, considering the extent of our needs, despite the undeniable trend toward better quality in Slovakia. Nevertheless, we still cannot be pleased with our standards or with the implementation of the measures adopted by the CST administration in the SSR. In the final analysis, Comrade Sarvas must realize the complexity of the situation of Slovak entertainment and popular music, and the shortage of authors of good popular texts or of entire entertainment programs. The meeting of the CPSL Central Committee on ideological work recently criticized this situation. We are scheduling a number of good programs for 1989. Even if all of them will not meet our hopes and expectations, such dismal failures as in the past should not occur in the coming season. Therefore, even in this case it is not a sign of unwillingness, indifference, or—perish the thought—"sinister intentions," but first and foremost, of the scrupulous criteria we apply when selecting popular entertainment programs for broadcast on Channel 1.

Nevertheless, the staff of the Central Editorial Office for Programming makes sure that precisely on weekends programs predominantly in our national language, planned by our producers in Bratislava, be scheduled for broadcast on Channel 2. For that very reason, we prepared, for example, last year on the occasion of the 40th anniversary of Slovakia's film production, among other things, a review of Slovak film. Furthermore, on weekends we present brief dramatic literary programs, especially comedies, produced in our studios in Slovakia. Thus, we are concerned in particular that the weekend programs on Channel 2 are predominantly national in their character.

In conclusion, I should like to mention that in the coming years (1990-92) the CST will switch to broadcast via satellite and this will offer more airtime for programs in our national tongue. The approved plan envisages that Channel 1 will continue its statewide broadcast, and that Channel 2, which now presents mainly national programs, will air two independent national programs. Viewers all over our territory will have the opportunity to watch Channel 2 in the Czech, and independently, also in the Slovak language. This will expand the possibilities for giving both our national cultures more TV airtime, so that our two fraternal nations and our two national cultures, whose essence and richness are deservedly the focus of interest in Europe and beyond, may learn to know one another even more and grow even closer. Thus, we shall not permit any sowing of dissension among our nations; on the contrary—we are doing everything in our power to respect and respond to their interests and needs, and to strengthen their unity, solidarity, and brotherhood, as we were recently reminded by the celebrations of the 70th anniversary of our independence and statehood of our republic in which our two nations and nationalities live and enjoy equal rights.

## GERMAN DEMOCRATIC REPUBLIC

### Environmental Problems, Environmentalist Groups Described

36140008 Utrecht OOST EUROPA VERKENNINGEN  
in Dutch Oct 88 pp 31-40

[Article by Jan Haverkamp, a free-lance environmental writer who has just completed a study on environmental information in the GDR: "Wandering Through a Torn-Up Countryside. Environmental Activism in the GDR"]

[Text] In the GDR—in Bitterfeld, Cottbus, or Weimar for instance—when I blow my nose, my handkerchief turns black. In Erfurt I recently had the strange sensation of not only having my (asthmatic) lungs threaten to stop functioning from one moment to the next, but also of having my eyes and nose begin to burn. The weather was calm, and people were trying to keep out the 15-below-zero cold with their brown-coal furnaces. In contrast to these experiences, though, there are shining views in the Saechsische Schweiz and the stimulatingly clear, frosty air in the Thueringer Wald during a bicycle ride in October. In contrast to the fog that suddenly turns from white to yellow on a train ride through Piesteritz, there is the half-hour train ride through the magnificent forest and lake regions around Klitten and Potsdam.

That the GDR faces environmental problems is obvious. A visitor to the GDR does not need any Greenpeace demonstrations to discover that (such demonstrations have occurred with some regularity in recent years: Werra, Berlin, Dresden). Involuntarily all kinds of questions force themselves upon the visitor. Is nothing being done about this? What is the Government doing? Are there no citizens up in arms over the pollution? Is there any sort of environmental movement? And if so, what is its attitude toward the Government?

The GDR faces a number of environmental problems; the proverbially bad air is just one of them. The large-scale, intensive stock-breeding leads to manure surpluses, excessive use of hormones, and animal-unfriendly conditions. Agriculture causes problems as well: too large fields with the accompanying danger of erosion, and an excessive use of chemicals. The GDR suffers from water pollution to a degree that concerns environmental groups even in the West because of the consequences for the environment in the North Sea. And then there is the import of chemical waste, not least from the Netherlands, more than 3,000 tons annually.

To indicate briefly how complicated these problems are, we will look here only at the air, by way of illustration. The most acute air pollution problem in the GDR is caused by the use of brown coal. The main pollutants created by the burning of brown coal are nitrogen oxides, sulphur dioxide ( $SO_2$ ), soot, and dust. According to a recent estimate by the EMEP center in Moscow,<sup>1</sup> the GDR was number two in Europe in 1983 for  $SO_2$  emissions with  $4.0 \times 10^6$  tons, after Poland with  $4.3 \times$

106 tons.<sup>2</sup> Brown coal is the largest source of SO<sub>2</sub>, particularly the sulphur rich brown coal from the Espenhain area south of Leipzig. That is responsible for more than ½ of total SO<sub>2</sub> emissions in the GDR. And it appears that it will continue to be so in the future.<sup>3</sup> Despite this, the GDR has committed itself at the European level to reducing SO<sub>2</sub> emissions by 30 percent from 1983 levels. That will be quite a feat. But why does the country not use oil or gas?

#### Detergent

After the oil crisis in the early 1970's and the labor unrest in Poland in the early 1980's, the GDR took rather radical measures to meet its domestic energy needs from its own raw materials. In 1977 hard coal mining ceased because of poor profitability. Apart from a small natural gas field in the Magdeburg area, that leaves only brown coal and a little bit of uranium. And the GDR possesses an abundance of brown coal: estimated reserves amount to 47 billion tons, of which about 20 billion are exploitable.<sup>4</sup> This brown coal is mined in two main areas: Lausitz, the area around Cottbus on the Polish border, and Espenhain, the area around Leipzig and Halle. Espenhain brown coal is somewhat lower in quality than that from Lausitz. The sulphur content of Espenhain brown coal is 2 percent of weight; that of the Lausitz type is 0.6 percent. The reserves around Espenhain are far greater, however. In order to reduce transport costs (an excellent goal from an environmental point of view as well) the coal is used in the area where it is mined as much as possible. For a place like Bitterfeld that has meant the development of a carbochemical industry, a chemical industry comparable to petrochemicals but based on (brown) coal. In the immediate neighborhood of Bitterfeld there are large power generating plants. And all this has consequences. In 1972 the inhabitants of Bitterfeld annually spent 269 marks (ca. 300 guilders) more per capita for detergents, clothing, and house and building painting and maintenance than GDR citizens in areas with less air pollution.<sup>5</sup>

#### Environmental Policy

Environmental pollution has been and still is officially viewed as a particularly capitalist problem. Therefore, in the late 1960's and early 1970's there was in theory nothing to stop the GDR from taking the environment into consideration on an ongoing basis in framing policy. As early as 1970 the GDR produced an integrated legal framework for environmental protection: the Landeskulturgesetz [National Culture Act]. In 1971 the Ministry of the Environment was established. After Sweden, the GDR was the second country in the world to set up such a ministry. Gerhard Wuerth<sup>6</sup> further indicates that all major emissions of dangerous materials declined in the GDR in the early 1970's and that, for example, the chemical industry devoted 12 percent of total investment to environmental measures in 1973. In the mid-1970's this great effort declined rapidly, however. Environmental protection turned out to cost more and,

particularly in the short term, to produce fewer results than expected. The Government came to focus more on the goals of economic growth, improvement of the living standard of the working population, ongoing development of science and technology, and defense. The low point came with the decree of November 1982, which stipulated that all environmental data must be classified.<sup>7</sup> The thread of environmental policy did not snap entirely, however, and we have seen government efforts in the environmental sector gradually increasing again in the past 5 years.

The implementation of environmental policy is much like that in the Netherlands: responsibilities dispersed among various ministries with the Ministry for Environmental Protection and Water Management serving as coordinator. This ministry also makes plan proposals for the environmental sector; these are then given further consideration by the State Planning Committee and the final decision is made by the Council of Ministers. The Bezirks (provinces) play an important role in the GDR too in implementing and monitoring policy, while the Kreises (districts) and municipalities are involved in a number of specific matters, such as domestic trash, drinking water protection, noise control, and residential and living conditions.

Policy is based on the balancing of ecological and economic interests. Here, particular importance is attributed to the continuing development of science and technology. Whenever environmental interests conflict with economic planning goals, the latter prevail (temporarily). It is argued that it will be possible to reduce environmental problems in the future through a better adjustment of plans and a greater use of technical resources. Furthermore—so says the official view—the gradual elimination of capitalist influences on the GDR (the heritage of the past and influences from international trading relations and competition) will eliminate many of the causes of environmental problems.

#### Environmental Groups

The population of the GDR too has displayed a particular interest in environmental problems in recent years. There is a great deal of discussion of them and the media are devoting more and more attention to them. Nonetheless, nature protection in particular has a longer history in the GDR. Even before the GDR was founded in 1949, nature lovers had formed the Friends of Nature and Home as part of the Cultural Federation for the Democratic Renewal of Germany. The Cultural Federation had been set up in the Soviet Occupation Zone of Germany in order to breathe new life into the old, prewar associational activities and to steer them into anti-Fascist channels. In 1980 the Society for Nature and Environment (GNU) was founded out of the Friends of Nature and Home. With more than 55,000 members, the GNU is by far the largest environmental group in the GDR. Of course, out of a population of 17 million, this is still a very small number. In Netherlands terms, the

GNU is a medium-sized environmental organization. On the other hand, those 55,000 members are all active; the GNU does not give membership cards to those who merely contribute money. As an official part of Socialist society, the GNU is represented at many levels. Within the GNU there are various so-called Specialized Groups, ranging from Ornithology and Bird Protection to Hiking and Tourism. Some local GNU sections are very active. The 1984 public activities calendar for the Urban Ecology/Environmental Protection Association in Magdeburg lists activities such as "Our Contribution to Clean Air—A Discussion With Experts" and "Constructing a Hiking Path."<sup>8</sup>

Much better known in the West is the church environmental movement. Or rather, the local church environmental groups. The latter is the better characterization, because the local environmental groups are only a small part of all that the church does by way of environmental work. Peter Gensichen, head of the Church Research Home (KFH) in Wittenberg, a point of contact for environmental activism in the Protestant Churches in the GDR, notes that only one tenth of the people with whom the KFH is in contact are members of a local church environmental group.<sup>9</sup> However, these roughly 60-90 groups together do form one of the most important engines driving the church's environmental involvement. In all, some tens of thousands of people are active in environmental work in the church.

Besides the GNU and the church there are also a small number of independent environmental groups. These include a few tens or hundreds of people, mainly in Berlin.

#### Lobby

Outsiders often view the GNU as "the SED organization." During my study of the environment and environmental information in the GDR,<sup>10</sup> it became increasingly clear to me that such a characterization of the GNU does not do it justice. Government and party circles take a rather one-sided technical view of environmental issues: technical development by itself will solve environmental problems in the long run. The GNU's work is based on a far broader view of the problems.

As stated above, the GNU was created in 1980 out of the Friends of Nature and Home in the Cultural Federation of the GDR. This took place after considerable criticism had been expressed at the operation of all kinds of working groups involved in environmental problems within the Cultural Federation. As part of the Cultural Federation, the GNU was established in close cooperation with state and party authorities. West German journalists like to conclude from this that the state used the GNU to channel the growing environmental consciousness in the GDR and subject it to party discipline.<sup>11</sup> You can also look at it another way: people were tired of seeing little in the way of results, as demonstrated by the criticism of the operation of the

working groups in the Cultural Federation for example. Those in the GNU realized that they would be able to produce results only by cooperating closely with the state, the party, the unions, the youth organizations, etc. In short, by making a place for the GNU within the Cultural Federation.

What precisely the GNU's goals are now is less easy to discover. They vary considerably depending on who is speaking. The state usually presents the GNU as an organization whose goal is to support official environmental policy.<sup>12</sup> Wuerth<sup>13</sup> lists the goals as they are described within the GNU itself. He gives them as follows:

- creating an environmental consciousness in the GDR;
- channeling and using already existing environmental consciousness;
- creating a lobby for environmental protection;
- giving practical support to environmental protection initiatives.

Wuerth,<sup>14</sup> and even a journalist with a somewhat sharper pen like Wensiersky,<sup>15</sup> write that the GNU plays an important role in environmental work in the GDR and acknowledge that the organization makes an important contribution of its own. Of course all GNU activities and statements follow a positive, problem-solving approach. There is no place in the GNU's environmental reporting for disturbing comments or shock effects. Environmental problems must be attacked in cooperation with social organizations and the various state authorities through "global solutions." As already stated, the GNU does not take only the state authorities' technical approach; it also accepts the viewpoint that people should move closer to nature and even expresses more structural criticism of parts of the social organism.<sup>16</sup>

#### Interconnections

How great the GNU's influence is on national policy (for example on the formulation of environmental goals in the Ministry for Environmental Protection and Water Management) is difficult to determine. Many GNU members work in sectors connected with environmental protection. Wensiersky<sup>17</sup> cites the example of the deputy chairman of the GNU Bezirk Section in Schwerin. He is also a member of the Bezirk Council and chief of the Bezirk Environmental Protection, Water Management, and Recreation Service.

Gunter Kirsch and Walter Buetow from Schwerin illustrate how such contacts contribute to a section's success: "...activities were undertaken that gave substance to the agreements for long-term cooperation between the GNU Bezirk executive and the Environmental Protection, Water Management, and Recreation Service.... Thus the Bezirk Council's 'Program for the Use and Preservation, for the Protection, and Shaping of Nature and the

Environment in Schwerin Bezirk' states *inter alia* that "...members of the GNU should be actively involved in the preparation of government decisions."<sup>18</sup>

Such interconnections exist at all levels of the GNU, so that it is probable at very least that it exerts influence. The picture on the local level may be even more interesting. Some sections of the GNU have already been able to achieve clear successes. The activities of the Specialized Groups and local sections vary from place to place. While some groups are involved only with (hobby) biology and marking hiking paths, others are active in media policy and efforts to influence planning and decisions and attempt to join the GNU's so-called institutional members in investigating the environmental effects of those "institutional members."

Two examples from Bitterfeld, the symbol par excellence of environmental pollution in the GDR (the GNU has been active there since 1983): In the first 2 years, 120 km of hiking paths were laid out in Bitterfeld.<sup>19</sup> In 1986 the GNU cooperated with the Kreis Environmental Protection, Water Management, and Recreation Section to give 111 lectures in brigades and schools, reaching some 1,500 people with propaganda.<sup>20</sup> An important element in the GNU is the so-called institutional membership. Enterprises and institutions can join the GNU and thus obligate themselves to cooperate in its goals and activities. In Wismar an unauthorized dump was cleaned up with the help of such an institutional member; in Bitterfeld the Brown Coal Combine planted trees on some hectares of unused ground (unfortunately, the report does not state whether the Combine is also taking steps to ensure the survival of those trees).

The parameters and plan targets within which local GNU sections must operate appear to leave them considerable room for their own constructive initiatives. For example, a given section can determine with a high degree of autonomy how it will conduct the "Take Care of the Countryside—Take Care of the Environment" campaign. It will, however, almost always consult with local authorities.

Because the GNU occupies an official place in the Socialist organization of society, the threshold for joining for those who are less positively inclined toward the state is rather high. On the other hand, the GNU is still relatively uncompromised so that even church institutions urge membership in it.<sup>21</sup>

#### The Creation as Partner

The churches, and the Protestant churches in particular, are involved with environmental work as well, from a more theological standpoint of course. Here we must distinguish between what the church does as an institution and what happens at the grassroots, in the parishes.

The church has been involved with the problem as an institution since 1971. In that year the Johann Gerhard Institute in Potsdam called on the churches to remind their members of their responsibility for the creation. In recent years more and more church publications (in the GDR and elsewhere) have pointed out that the Bible regularly expresses this responsibility for the creation and that in recent centuries the churches have grievously neglected it or, worse yet, often undermined it. Precisely in the current environmental crisis, it is said, the church should once again be aware of its responsibility for the task of dealing with the creation as a partner. Since the appeal from Potsdam the Protestant churches have made statements at various levels. These deal primarily with environmental problems, with the individual's responsibility for them, and in a number of cases also with the state's responsibility.<sup>22</sup> The subjects discussed in these church declarations range from nuclear energy to alternative agriculture, from church coresponsibility for the current environmental crisis to appeals to do without automobiles.

Such declarations are directed primarily at the church's own members. The church itself has only a very limited ability to carry out environment-friendly measures. It can exert direct influence only in its own house, i.e. with ministers, church institutions, church farms, church child care, etc. Influence on society outside the church is exerted primarily through individual Christians.

#### Legitimacy

As far as I am aware, the only direct contact with decisionmakers on environmental subjects comes through the "factual discussions" with the state. These discussions are held between church leaders and experts and state experts under the auspices of the State Secretariat for Church Affairs. In 1982 and 1985 and again recently in connection with problems involving the environmental library in Berlin,<sup>23</sup> the state declared emphatically through State Secretary for Church Affairs Gysi that the church's environmental efforts are legitimate and highly valued. Above all, the expert and balanced manner in which the church approaches environmental problems compels respect.

This legitimacy also applies to local church environmental groups. The first ones were established in 1980 and there are between 60 and 90 of them at present, scattered through the GDR. New groups are constantly being formed and old ones disappearing. As with the GNU, activities vary considerably from group to group. Some concentrate on a single project, like an environmental working group in Magdeburg which was attempting through mid-1987 to maintain a small green patch around a church in an ecologically responsible manner. Others are involved with several activities, often divided among various subgroups. That comes out very clearly at the annual church conferences, for example, where the environmental issue was the subject of considerable interest again this year.

### Vanished Village

At the relatively small church conference in Goerlitz this year some five environmental groups were present. That is no accident: the Lausitz brown-coal region, which is located in Goerlitz Church Province, faces problems comparable to those of Bitterfeld.

The ecogroups from Goerlitz itself had four presentations. One display on energy use showed where there were opportunities to save energy in the GDR, both for the state and for the individual citizen. It also showed what GDR energy consumption is, how that energy is produced, and what problems it creates. Many people used the paper and pencils provided to copy data and tips from the display. The same group had also arranged for a Saturday evening showing of "Erinnerungen an einer Landschaft" [Memories of a Countryside] from the GDR's DEFA [German Film Corporation] film organization. The film is about the disappearance of a village as the result of brown-coal mining. The hall was packed with (hundreds of) interested viewers. Possibly even more impressive was a very high-quality exhibition of photographs made by the other church environmental group from Goerlitz. This exhibition was about the same problem: the evacuation of the village of Deutsch-Ossig, close to Goerlitz. This group also mounted a display on the ecological consequences of the GDR's high meat consumption (the highest in Europe, by the way), with a stand providing information on a vegetarian diet, including recipes and samples. The display also included a small environmental library and presented the group's other activities as well.

### Own Responsibility

As institutions the church environmental groups vary greatly. One group will be more politically oriented and only uses the protection offered by the church; another will focus totally on local environmental problems, operating from religious conviction and trying above all to be pragmatic.

With all this variety, there is also a broad range of results. A few examples. In Dresden the Ecology Working Group has been running a successful initiative for years, providing children from areas with serious air pollution a vacation in cleaner Dresden; this has increased the sensitivity to environmental problems in local churches. In several places church environmental groups are involved in planning better and safer bicycle routes, in replanning actions, and in maintaining nature areas.

In addition, church environmental activists also represent a voice that is relatively weak outside their circles: they point to themselves in discussing the cause of environmental problems. They do not hesitate to point out the individual's own responsibility, that of the church, but also that of developing Socialist society.<sup>24</sup>

The church environmental movement cannot boast of great successes, such as the adoption of an environment-friendly production process or the thwarting of nuclear energy. Nor for that matter can the GNU. And it is a real question whether in the social structure of the GDR it will ever be possible to point to direct influence from (constructively) critical groups. What the church environmental movement in the GDR has been able to do is to ensure that the church, and here and there church environmental groups as well, have become an expert and respected interlocutor. In addition, the church environmental movement has been very successful in legitimizing its role from Christian tradition. Both to skeptics within the church and to the state.

### Loose Network

A large independent environmental group like the Polish Ecological Club (PKE)<sup>25</sup> does not exist in the GDR. The church environmental movement is often described as the "independent" or even dissident movement. To what extent is there a real church environmental movement? Almost all church environmental groups operate at the local level. If one wishes to talk about a church environmental movement, then it is a genuine grassroots movement. A number of these groups are trying to make contact with others. Their goal is to form a network of local groups. What form such a network would take is still not very clear. A small group, coming from a somewhat more radical direction, is attempting to form an overall structure. At present this effort does not appear to be very successful with the bulk of local church environmental groups. Further, there is talk of using the Church Research Home in Wittenberg as a sort of central "secretariat," i.e. purely to circulate information, for a network of grassroots groups. The KFH already has more or less that function now. Founded over 60 years ago as a research institute for issues of faith and science, in the past 10 years the KFH has developed into the central research institute for church and environment.

Despite this loose structure, there are regular contacts between groups at courses, church conferences, KFH conferences, and "Concrete for Peace" days. These contacts do not involve purely church groups alone. There are also a number of groups involved that are certainly not "Christian" and would not want to be called that. These groups do seek a certain protection from the church and the church gives it to them. Peter Gensichen, head of the KFH, remarked in this connection that as long as the state still offers no place for such independent voices, the church is compelled to offer such groups a temporary shelter which is unsatisfactory to both parties.<sup>26</sup>

### Confidence as the Basis

Internationally, several church environmental groups are in contact with other environmental groups in Eastern Europe through the Greenway network. Greenway is an

international network of environmental groups in Eastern Europe that publishes a newsletter in English and holds annual meetings to exchange experiences. Insofar as I am aware, the GNU does not (yet) participate in the network.<sup>27</sup> At the local level various church groups sometimes seek contact with the Society for Nature and Environment. No efforts to make contact from the other direction have come to my attention. Of course these contacts do not always succeed. In many cases failure is due to the large dose of suspicion on both sides. On the other hand, a number of contacts have been very promising. Furthermore, many members of church environmental groups are also active in the GNU.

All in all something is certainly happening on the environmental front in the GDR. In GDR society there is a certain dynamism; people want to attack environmental problems constructively. The state's rather one-sided technical view needs to be supplemented, however, if the problems are to be solved. The GNU's activities and above all its organizational structure offer a number of possibilities in that direction. In the first place the GNU can give the population the prospect of direct action; people can do something about environmental problems in the GNU. The GNU also forms an environmental lobby with state decisionmaking bodies. It is a pity that official statements still do not acknowledge this function and that state and party authorities still view GNU members primarily as executing official policy. Nonetheless, it is a positive point that the GNU does consider itself such a lobby and has adhered to that view since its establishment.

### Suspicion

However, this structure is inadequate to deal with the environmental problem on a large scale. Because of authorities' still rather rigid attitude, a portion of the GDR population is skeptical about its policy. Thus the state still does not acknowledge that even a Socialist model of development contains elements that can lead to large-scale and small-scale environmental problems; these elements include the population's pronounced consumerism and materialism, planners' ideas about material growth, and the prevailing view of the ideological neutrality of technical-scientific progress.

On the other hand the church has had the courage to enter into this discussion, and as a result has acquired an extremely intricate and comprehensive view of the current environmental crisis. From this and from the growing feeling of responsibility for the creation among Christians has arisen a church environmental movement that has already done much of the thinking and action necessary for a credible and effective environmental policy. The sole barrier to integrating these initiatives with the GNU's work and with authorities' demonstrable willingness to take environmental problems seriously is the suspicion that still remains between church and state. Not everywhere, to be sure—at some levels there certainly are constructive contacts—but just below the

top level and at the grassroots. Just below the top, there are the security services, for example; these still appear to view the church environmental movement as a major threat, as demonstrated by the rather intimidating reactions to the problems with the environmental library. But it is true of the grassroots as well, where it remains difficult for church people to trust "official" institutions and accept them as partners, and where "official" groups and organizations (including the GNU) still have difficulty in opening up to the ideas, spontaneity, and creativity of church environmental activists. What is hopeful, however, is that all parties appear to be sincerely interested in a better future for the environment in the GDR.

### Footnotes

1. EMEP stands for European Monitoring of Environmental Pollution.
2. Note in BRIEFE ZUR ORIENTIERUNG IM KONFLIKT MENSCH-ERDE, 17/1988, p. 14. BRIEFE is the newsletter for church environmentalists, published by the Church Research Home in Wittenberg. Only for use within the church.
3. Estimates by Cord Schwartau in "Die Entwicklung der Umwelt in der DDR—neue Probleme durch Renaissance der Braunkohle" [Developments in the Environment in the GDR—New Problems Caused by the Renaissance of Brown Coal]. In: "Umweltprobleme und Umweltbewusstsein in der DDR" [Environmental Problems and Environmental Consciousness in the GDR], a thematic issue of DEUTSCHLAND ARCHIV, Cologne (Verlag fuer Wissenschaft und Politik, Berend von Nottbeck) 1985, p. 19.
4. Gerhard Wuerth: "Umweltschutz und Umweltzerstoerung in der DDR" [Environmental Protection and Environmental Destruction in the GDR], Frankfurt/Main, 1985, p. 35.
5. H. Herrmann: "Untersuchungen zum territorial-organisatorischen Aspekt der Flaechennutzung in Umweltbelasteten Dichtengebieten" [Studies on the Territorial-Organizational Aspect of Surface Use in Densely Settled Areas With Environmental Problems]. In Hans Richter (ed.): "Nutzung und Veraenderung der Natur" [Use and Modification of Nature], Leipzig, 1981. Cited by Wuerth, op. cit.
6. Wuerth, op. cit., p. 32.
7. Hans-Peter Gensichen: "Oekologischer Dimensionsgewinn in der Kirche" [Ecological Dimension Gains in the Church]. In: KIRCHE IM SOZIALISMUS 5/1987, pp. 185-189. This is a summary of Hans-Peter Gensichen: "Der Weg der evangelischen Kirchen in der DDR in die oekologische Verantwortung" [The Path of the Protestant Churches in the GDR to Ecological Responsibility], Wittenberg (Church Research Home), 1987.

Available from the Mission and Deaconate Center of the Reformed Churches in the Netherlands, Burg. de Beaufortweg 18, Postbus 202, 3830 AE Leusden (tel. 033-94.32.44; Mr. F. Stellingwerf).

8. Peter Wensiersky: "Die Gesellschaft fuer Natur und Umwelt; kleine Innovation in der politischen Kultur der DDR" [The Society for Nature and Environment; a Small Innovation in the Political Culture of the GDR]. In DEUTSCHLAND ARCHIV (special issue, see note 3), pp. 151-168.

9. See note 7.

10. Jan Haverkamp: "Milieu en milieuvoorlichting in de DDR" [Environment and Environmental Information in the GDR]. Wageningen (Agricultural University). Available from the author: Pomona 444, 6708 CS Wageningen.

11. Cf. for example Peter Wensiersky and Wolfgang Buescher: "Ganz schoen kaputt sieht das alles aus—DDR-Jugendszene (II): Umweltschuetzer und Kuenstlernachwuchs" [That All Looks Nice and Kaput—GDR Youth Scene (II): Environmentalists and Young Artists]. In DER SPIEGEL 41/1983, pp. 117-134.

12. For example E. Seidel and P. Berner (eds.): "Environmental Education in the GDR," Berlin (Center for Shaping the Environment), 1987. This says the following of the GNU's goals: "...to harmonize personal, collective, and national interests.... By contributing to research, economic adaptation, to the protection and planning of our natural environment, the GNU very responsibly carries out its environmental policy and local mission and helps strengthen people's confidence in the SED and Socialist state's environmental policy, the goal of which is to promote human welfare."

Or Manfred Fiedler in a contribution to NATUR UND UMWELT 1 (1986), p. 3: "In our environmental-policy and nature-improvement work we want to make a conscious contribution to the social and individual welfare, to strengthening Socialism by gaining time, and to supporting the economic independence of our republic to the extent of our abilities." NATUR UND UMWELT is the magazine for members of the GNU.

13. Wuerth, op. cit., p. 101.

14. Wuerth, op. cit., pp. 109-105.

15. See note 8. Wensiersky's 1986 book "Von oben nach unten waechst gar nichts" [Nothing Grows from the Top Down] (Fischer Taschenbuchverlag, Frankfurt/Main) unfortunately does not contain much more about the GNU. Probably this did not fit in with the book's rather sensational approach.

16. See note 10.

17. Wensiersky, op. cit., p. 155.

18. Gunter Kirsch and Walter Buelow, "Erste Erfahrungen und Ergebnisse bei der Verwirklichung des Aktionsprogrammes zur Intensivierung der Arbeit der Gesellschaft fuer Natur und Umwelt im Bezirk Schwerin" [First Experiences and Results in the Implementation of the Action Program To Intensify the Work of the Society for Nature and Environment in Schwerin Bezirk]. In NATUR UND UMWELT 2/1985, p. 29.

19. Rainer Albrecht, "Die Erfahrungen und Ergebnisse zweijaehriger Arbeit der Gesellschaft fuer Natur und Umwelt im Kreis Bitterfeld" [Experiences and Results of 2 Years of Work by the Society for Nature and Environment in Bitterfeld Kreis]. In NATUR UND UMWELT 1/1986, pp. 32-36.

20. E. Seidel and P. Berner (eds.), op. cit., p. 167.

21. For example in the working paper "Die Erde ist zu retten" [The Earth Must Be Saved], Wittenberg (Church Research Home), 1985, p. 43. 2nd ed. Only for use within the church.

22. Gensichen has written more than once about the history of the church's environmental commitment, particularly in his extensive manuscript (see note 7). The history is also described by Hubertus Knabe in "Gesellschaftlicher Dissens im Umweltengagement in der DDR" [Social Dissidence in Environmental Involvement in the GDR] (in DEUTSCHLAND ARCHIV, environmental special, 1985, pp. 169-199; see note 3). Gensichen criticizes Knabe, by the way, for linking the church environmental movement to dissidence.

23. On 25 November 1987 the State Security Service broke into the premises of the environmental library of the Zion Church in Berlin. The people associated with the library were accused of "activities dangerous to the state." The state later admitted that this raid was due to a mistake.

24. In an analysis of written publications on environmental problems, this emerged as one of the most important conclusions (see note 10).

25. Martin Abma: "We zijn 't zat om in de kolenstank te zitten" [We're Sick of the Stink of Coal]. In OOST-EUROPA VERKENNINGEN nr. 80 (August 1985), pp. 19-25. For a more recent impression of the PKE see: "Krakow: ekologisch rampgebied" [Krakow: Ecological Disaster Area]. MILIEUDEFENSIE 3/1987, pp. 8-10.

26. "Christliches Umweltengagement braucht Vertrauen" [Christian Environmental Involvement Needs Trust]. In DIE KIRCHE, 3 January 1988. Gensichen said this in response to events involving the Zion Church's environmental library in Berlin on 25 November 1987.

27. I have heard of individual contacts between GNU members and Greenway. In any case, Greenway is supported in part by the official Hungarian environmental organization, so that I certainly do not consider official participation by the GNU impossible.

## HUNGARY

**Academician Says New Constitution Will Not Reject Socialist Commitment**  
25000060 Budapest KEPES 7 in Hungarian  
5 Nov 88 pp 10-13

[Interview with Prof Dr Geza Kilenyi, head, office of political science research programs, Hungarian Academy of Sciences [MTA], a leading member of the constitutional review committee, by Peter Somfai: "Why Socialism Needs To Be Codified. Unlimited Power Is Forbidden!"; date and place of interview not given]

[Text] Time is passing at an accelerated speed. Since the May party conference domestic political events have occurred in a more rapid sequence than ever before. A person visiting abroad for one week may "miss" more events than he would have previously during an entire year. The principles adopted last spring are slowly becoming the realities of life: pluralism in society is visible today. And although the need to sooner or later change, to recast the constitution has been talked about before, today a growing number of people urge the drafting of a new constitution. A new constitution, one capable of reflecting the ongoing changes in the economy and in society, one that may serve as a guide not only at present, but also in the future. We discussed the preparations with Dr Geza Kilenyi, head of the MTA office in charge of political science research programs. He [is one of several persons who] guides the workings of the constitutional review committee.

Although the Council of Ministers adopted the constitutional review program only in mid-August, and although the established working groups were not able to begin to work before September, in a certain sense the numerous comments accumulated earlier provided a foundation and an outline for lawyers to ponder the subject. Should the old constitution be changed, or is there a need for a new fundamental law? The question was not unexpected by Geza Kilenyi.

[Kilenyi] [When I say that] we chose to draft a new constitution I must instantly add that in doing so the issue is not that we discard the old fundamental law as it is. Many valuable thoughts can be, moreover must be retained. Nevertheless a new constitution must be drafted because virtually everything has changed in Hungary since 1949. Society's class structure has changed, and so did the economic order, property rights, our conceptions of the exercise of power, the state organization, as well as the scope and content of the fundamental rights of citizens.

And all this represents only the past! We must think also of the future because we are at the threshold of further significant changes. A constitution is incapable to respond to a societal rearrangement of this scope. Or if it is, and the constitutional framework proves to be broad enough to accommodate such changes, that [alone] would eloquently evidence the fact that the constitution is not suited to fulfill its role as the fundamental law. This is so because as long as constitutional provisions are expressed in terms of generalities capable of accommodating everything as well as the opposite of everything—a rigid, plan-directed economy as well as a market economy—we cannot really talk about either a constitution in the real sense of that term, or constitutionality.

[KEPES 7] Those who oppose the framing of a new constitution defend their point of view with a spectacular argument. They say that in a certain sense adherence to the 1949 constitution represents stability, that adherence conveys the legal continuity of socialist construction, if you will.

[Kilenyi] The stability you mentioned may be regarded as a legal and political value only in a certain context. Doubtless, those who advocate retention of the old constitution are motivated in part by emotional ties. They feel that in light of today's rapid changes, the socialist achievements of the past decades can be preserved only in the framework of the old constitution.

[KEPES 7] Undoubtedly, it appears to many as if we had denied our past. They have difficulties in orientating themselves amid the changes.

[Kilenyi] Indeed, there are many, but every nation must accept its past with its positive as well as negative features. Accordingly, when we express the need for a new constitution, we are far from wanting to break ties with the time tested ideals, and the political and legal values defined in 1949. Expressing the need for a new constitution does not mean that we want to relax even by a hair's breadth the socialist commitment of society. I am also convinced that the new constitution will not represent the beginning of a new era for society. After all historians do not define periods of history on the basis of legislative acts.

[KEPES 7] But a new social era may urge the preparation of a new constitution.

[Kilenyi] Nevertheless this is not the issue today. In my judgment, the significant changes that took place since 1949, the image of socialism modified on the basis of Hungarian and foreign scientific findings, an invigorated self organizing society, increased openness in public life, the real fulfillment of popular sovereignty, and the establishment of a constitutional state are the factors which urge the preparation of a new fundamental law. In a period like this—and let me refer here to one of your previous questions—an endeavor to achieve stability is unacceptable either as a political or a legal value. In

reality, spasmodic adherence to earlier tenets veils conservatism: the preservation of already transcended ideals and legal institutions may become a source of social tension, and an obstacle in the path of social renewal....

[KEPES 7] Don't you think that in nowadays we are a bit more generous in branding people with the mark of conservatism?

[Kilenyi] I don't like to label people. But believe me, it is very easy to mistakenly become a conservative at times when society changes almost daily.

[KEPES 7] And to loath everything that happened in the past.

[Kilenyi] As I mentioned before, we must write a new constitution not because the old constitution became useless. Put simply: the old constitution is the product of a different era. The 1936 Soviet constitution—linked to Stalin's name throughout the world—served as the basic model for the fundamental law adopted in 1949. By now we can clearly see that Stalin's political concept based on an excessive concentration of power is unacceptable not only to modern socialist societies, but that in its own times was not the only possible—and to an even lesser extent the most perfect—conceptual foundation for the organization of a socialist state.

[KEPES 7] Accordingly, could we say that the conceptual trials were made possible as a result of a bad constitution?

[Kilenyi] Neither in the Soviet Union, nor in Hungary can the constitution be blamed for the fact that conceptual trials and wholesale illegalities began virtually the day after the adoption of these constitutions. Not even the most perfect constitution in the world will suffice to force a distorted power—alienated from the people—to stay within the boundaries of legality. Doubtless, however, it is easier to disregard ["kick over"] a constitution devoid of a consistent system of guarantees, even if it declares citizen rights. At a time when we regard as one of our important goals the establishment of a constitutional state, a political liability would be incurred if we were to attempt to start out from a fundamental law whose value on the practical scale has depreciated.

[KEPES 7] Accordingly, let's talk about the new constitution! What are the starting points? Will it be a political declaration or something else?

[Kilenyi] The wording of constitutions reminiscent of political declarations is ceremonious, while wordings which project the legal character of such documents is more tight and more accurate. Seemingly this is only a matter of form, yet form is not at issue. Most declarative constitutions remain at the level of conceptual pronouncements, are in the abstract and therefore meaningless. Constitutions of this sort do not contain a system of

guarantees, and the practical implementation of conceptual declarations is left to legal provisions framed at lower levels. This type of constitution will prevail for longer periods of time because any specific content may be provided at will within its flexible framework. Such constitutions are worthless from a legal standpoint: the substance of various citizen rights cannot be derived from the constitution, nor is the legal status of various organs accurately defined. This then permits the implementation of substantial changes without changing the constitution. It is precisely for these reasons that we are inclined to draft a constitution which is more like a law. I am convinced that we should stay away from the inclusion of slogans, declarations and labels in the new constitution. It is unnecessary to use adjectives which have not become a part of real life practice.

[KEPES 7] If I understand you correctly: the new constitution will be a compilation of legal provisions described in strict legal terms.

[Kilenyi] The legal character of the constitution does not necessarily mean that it will be incomprehensible and verbose. We endeavor to draft an easily understandable and reviewable text, one with which anyone can become familiar. One that can be taught in high schools and may be treasured by every Hungarian citizen.

[KEPES 7] You have been asked this question a number of times: will this constitution serve the citizen, society or the state? If I understand your statement correctly, it will be more like the citizens' constitution. Is this true?

[Kilenyi] I always object to this question because it is impossible to provide an accurate answer. If we simplify the issue we may say that the constitution will be for everyone, but if we use a different approach we find that it will be for the state organization. Accordingly, this is what I would say: the future constitution will belong to society as a whole. It will belong to the state as well as to the citizen, but social organizations, clubs, associations, religious denominations shall also claim it as their own, and it should address trade union rights just as it should speak to citizen rights and to the framework in which laws are executed.

[KEPES 7] The old constitution consists of a few pages. According to what you say, the new constitution will be a substantially large document.

[Kilenyi] Most certainly, it will be longer than the old constitution was. But it will not be more verbose. Ideally, [by reading the constitution] one should be able to learn about fundamental rights and the executive framework of laws. The constraints placed upon these should not be left to supplementary laws and regulations which have as their sources legal provisions framed at levels lower than laws. This appears as an impossible task. We were unable to find a similar example abroad. Perhaps we should make it our realistic goal that the constitution provide for more than the mere enumeration of rights and duties,

and that it should establish some fundamental rules. Accordingly, it is apparent that laws closely related to the constitution will remain fixtures also in the future. These will include the laws governing councils and courts, the pending legal provision concerning the constitutional court, or, for example, the law governing citizenship and the new law governing elections.

[KEPES 7] Just what may be the regulatory "depth" of the new constitution? In more accurate terms: to what extent can the new constitution replace other laws and legal provisions?

[Kilenyi] Let me elucidate this matter by using an example. Paragraph 66 of the present constitution provides for the personal freedom of citizens as part of a listing. In other words: the present constitution does not even devote a separate sentence to this subject. Let us compare now the corresponding provisions say, in the Italian constitution. And I quote: "Holding persons in custody, the harassment or frisking of persons, or the limitation of personal freedom in any other manner shall take place only in cases specified by law, and only upon a reasoned determination issued by the courts. In urgent or special cases specified by law police organs may take interim measures, provided that they notify the court within 48 hours. If the courts do not approve the measure during the immediately following 48 hour period, such measures must be regarded as revoked or vacated." I don't think that the comparison of the two provisions requires further comment.

[KEPES 7] In your view, is there anything missing from the subjects dealt with by the present constitution? What are you trying to supplement?

[Kilenyi] Unfortunately many things are missing—things a modern constitution should provide for irrespective of the social order. For example: it is untenable that the constitution does not deal with some fundamental and important issues such as the acquisition and loss of Hungarian citizenship. Provisions to protect the innocent are missing, and so is a series of extremely important rules, such as prohibiting ex post facto laws, or the no confidence motion in parliament. Technological development also suggests constitutional provisions for new subject matters. For example: the Portuguese constitution contains detailed provisions regarding the protection of secrets related to computer technology. Our constitution is profoundly silent in this regard. (Where was our computer technology in 1949?) And I have yet to discuss the matter of new institutions pertaining to the administration of justice, such as the constitutional court or the defender of citizen rights.

[KEPES 7] If I understand the matter correctly: you studied a number of constitutions from countries throughout the world. Will we find some provisions from those constitutions in ours?

[Kilenyi] Indeed we are very familiar with foreign constitutional developments. We reviewed constitutions both in the East and the West. We do not wish to copy anyone's constitution. We will not adopt a single legal agreement [sic] only because elsewhere it functioned well. At the same time we are paying attention to constitutional developments abroad, and we are not ashamed of learning from anyone. If there is something to be learned.

[KEPES 7] In press reports describing public debate concerning changes in the constitution or the new constitution we hear more and more about the need for a certain structural change. Seemingly this would be a matter of form, but even lay persons can easily see that burying citizen and human rights issues somewhere in the midst of other constitutional provisions would have political implications.

[Kilenyi] Indeed: the present constitution mentions the fundamental rights and duties of citizens in Article 7. This too is related to that certain constitutional concept of Stalin's which did not attribute great significance to this matter. Or, I could mention the problem attending the right to vote. The right to vote, as a political right, does not necessarily require a separate article. I would not think however, that these structural changes were the ones that prompted the substantive changes.

[KEPES 7] What did?

[Kilenyi] I view the issues pertaining to the concentration of power, and the lack of limitation of power as more important. It is known that for long, the official view classified the separation of powers theory as a bourgeois theory, moreover it denied the existence of such theory for a long period of time and erected in its place the fiction of the unity of power. The constitution stated that the National Assembly exercises all the prerogatives that stem from popular sovereignty. In principle, this theory rendered the legislative power as unlimited, and as one that cannot be limited. All this took place in a period when in practice, the National Assembly held no real power at all. Today, in sketching a new constitution it becomes apparent that no single organization may exercise the prerogatives that stem from popular sovereignty. It stems from the essence of the matter that that in certain cases the people themselves decide in regards to fundamental issues, while the remaining prerogatives are exercised by the state organization as a whole. The judiciary exercises these prerogatives the same way as does the smallest village council. Unquestionably, the National Assembly, as the highest level popular representative body and as the holder of supreme state authority has a distinguished place within the state organization. It does not follow from this fact, however, that the National Assembly has unlimited powers. Limitations are established by the rights held by the people: popular initiative and the popular vote, and even the constitutional order itself. But the National Assembly must not arbitrarily encroach on the judiciary

domain or on the prerogatives of the council of ministers. The existence of unlimited power, and of power that cannot be restrained carries in itself the danger of distortion. Accordingly, there is a need for checks and balances ["counter weights"], such as the state constitutional and administrative law courts, and let's say the no confidence motion.

[KEPES 7] In the course of discussing the issue of power, public opinion today is perhaps less interested in the position of power held by the National Assembly. Far more is talked about the role played by the party. During the past 40 years we got used to the fact that the party is the true holder of power. And only recently did we begin to discuss some kind of a pluralism. How will this matter be treated in the new constitution?

[Kilenyi] This is a cardinal issue not only from the standpoint of constitutional law. For long, the only provisions pertaining to the party were contained in Article 3 of the constitution. Party authority was not established by any other legal provisions. Nevertheless it so happened that the CC and the council of ministers jointly issued certain determinations, and this raised the question: to what extent does the MSZMP have legislative powers? Certain resolutions brought by the council of ministers for instance provided institutional representation for the party in certain cabinet committees, moreover, the National Assembly in the framework of its 1986 changes to the house rules delegated certain authorities pertaining to constitutional law to the CC. Thus the "nationalization" of the party began. This causes problems from both the conceptual and the political standpoints. This is not to say that legal provisions pertaining to the party have no place in the constitution. The rights of parties are dealt with as declared theses in a number of Western countries. After all, one of the essential functional conditions for bourgeois democratic societies is the existence of opposition parties and their opportunity to express views in a constitutional manner in parliament, along with the ruling party. All this, however, takes place in the name of pluralistic party policies, and surfaces in a manner different than in single party countries. In theory, of course, one could imagine a certain intertwining between the party and the cabinet also in Hungary, but the direction in which our political institutional system is presently developing shows separation of the two, rather than intertwining. For this reason, in developing a new constitution it is our endeavor that state functions not be delegated to the party or to party organs through the constitution itself, or through other legal provisions. Not even to the smallest extent will any of this restrict the party's sphere of action.

[KEPES 7] If I understand the matter correctly, the wording of Article 3 of the present constitution will soon lose force: "The marxist-leninist party of the workers' class is the leading force of society."

[Kilenyi] The party is the leading force of society not because the constitution so states. Irrespective of the constitutional provision, the party could not remain the

leading force if it chose a mistaken path, if it followed a mistaken political direction, if it applied wrong methods, and if it detached itself from the people. It would lose the confidence of the people which is the source of its power. This, of course, holds true also in the reverse. The party's status in society is determined by its own policies. The party will retain its present role even if that role is not declared in the constitution. But the issue is more complicated than that. Not only the definition of the party's lead function is at issue. We must also define the fact that the party may function only within the constitutional framework. The party may not establish itself as a political force independent from the constitution, above the fundamental law. The constitutional independence of state and social organizations must be respected, and the party may use only political means in its endeavor to enforce its own goals and conceptions.

[KEPES 7] The constitution must define our social system for the long term. For this reason it should be considered whether the constitution should commit itself to a single party system. What are your views in this regard?

[Kilenyi] We are facing a real problem in this respect. There can be no considerations of principle or of policy which would serve as obstacles in the way of a transition to a socialist multi party system. Constitutional prohibitions to that effect would by all means evoke greater domestic as well as foreign reactions than not ruling out the above mentioned possibility from the outset. Nevertheless we must guaranty with the full force of the constitution that in Hungary only those organizations espousing the socialist political platform may function legally.

[KEPES 7] Do you have some Dodonian wording in mind?

[Kilenyi] One could conceive a pronouncement by which only those political organizations could function in the Hungarian People's Republic whose programs and functioning is consistent with the provisions of the constitution. In this way the text would not make expressed reference to a party; the collective concept of "political organizations" embraces all political groupings including the ones which do not expressly call themselves parties. The precondition for the above mentioned provisions would be of course that on the one hand the chapter of the constitution which deals with the social order and with the political system clearly reflects those socialist values and goals which determine the socialist character of society as a whole. On the other hand, these provisions would have to be capable of serving as a basis for rendering objective judgments in specific cases as to whether the functioning of a certain organization is or is not consistent with the constitution.

[KEPES 7] Great efforts are made to prepare the constitution on the one hand. On the other hand social debate

on the legislative proposal concerning the right to assemble and the right of association is taking place during these weeks. Should they not wait with these laws until there exists [a new] constitution?

[Kilenyi] One cannot wait for the adoption of the constitution! Quite naturally the optimum sequence of regulation would be to establish the constitution first, and to subsequently develop laws pertaining to the individual basic citizen rights. This cannot be done however. Our domestic political life has gained speed, and certain events have become unmanageable from a legal standpoint. I have in mind things like the establishment of new social organization, or the matter of spontaneous gatherings or strikes. Let's consider these one by one. For decades we have created an appearance as if the citizen right of association declared in the constitution would be synonymous with the right to establish an association. In reality the latter is far broader than the former. We accurately know what is needed for the establishment of a new association: ten founding members, an organizational meeting, the election of the managing organs, the adoption of bylaws, and on the basis of all these, registration by the state. We have no idea however—and as a result of the regulations we could not even have an idea—of what preconditions there are for the establishment and legitimate functioning of a new trade union or a political organization. It is for this reason that we experienced maximum legal uncertainty when the Association of Young Democrats [FIDESZ], the TDDSZ [abbreviation unknown], or the Hungarian Democratic Forum was established. Namely, there is the constitution on the one hand which treats these matters in highly general terms, while on the other hand there exist legal provisions concerning associations, and nothing in between. This legal uncertainty is as disadvantageous from the standpoint of power, as it is to citizens. If there is anything worse, that pertains to the regulation of the right to assemble. Not counting the constitution, this matter is simply missing from the paragraphs. If for example last September I would have wanted to organize a demonstration on Kossuth Square in support of the cabinet program, most likely I would have been confronted by the police just as if I were to protest the cabinet program. Since then life has transcended the spasmodic fears of decades old reflexes. But again I can only say this: the lack of guidelines is bad for everyone. This applies with a multiplier effect to the right to strike. To top the problem: the constitution makes no reference to that right, and, as you can see, there are strikes irrespective of the lack of such provisions.

[KEPES 7] Is there a danger that the new laws already on the books, and the ones to be developed in 1988-1989, which have outstanding significance from the standpoint of constitutional law, will have to be changed perhaps already in 1990, or, perhaps that new laws will have to be promulgated in their stead?

[Kilenyi] This is a real danger, but only if we improvise and begin to act with haste. For example: the legislative proposal aiming for the further development of the

election law is the subject of social debate already at this point, at a time when no positions were taken even with respect to fundamental issues in the process of reviewing the constitution. We do not know, for instance, whether the future National Assembly will be a unicameral or a bicameral legislature, and what will be the fate of the National List of candidates. In my view, under such circumstances the entire legislative proposal stays "suspended in the air," and social debate will evoke adverse feelings and uncertainty at best. I wish to stress that the issue is not whether the codification of public laws should or could be halted until 1990. The new laws should fit into the conceptions of the new constitution now taking shape. This preliminary "fitting" represents no easy task of course, on the other hand it is not unresolvable either.

[KEPES 7] At the beginning of our conversation you stated that it is your intention to set aside the earlier labels and slogans. Now that you mentioned socialist values and talked about the socialist character of society, could you define just what makes the concepts which we regard as values, socialist concepts?

[Kilenyi] I would render the workings of the entire committee superfluous if I were able to provide you with a response. I am convinced that we have reached one of the cardinal issues of the preparatory work. Most debates and most hard thinking will be done by the members of the committee. Unfortunately we are missing ideological footholds, without which we are trying to find our way in the dark. But as I stated before: we are still only at the beginning of our work.

## POLAND

### POLITYKA Weekly News Roundup 26000204b Warsaw POLITYKA in Polish No 47, 19 Nov 88 p 2

[Excerpts]

#### National News

Ceremonies celebrating 70 years of independence. At the Sejm session dedicated to the anniversary, Henryk Jablonski and Roman Malinowski, Sejm Marshal, gave speeches. The latter ended with these words: "May the conclusions from the events of November be present not only at the family table in every home, but also at our national roundtable at which it is high time to take our places, putting aside quarrels and initial conditions, thinking and caring for the good and highest value—Poland, its present and future." On 11 November in the Garrison Church in Warsaw the priests, officers in the Polish Army, celebrated Mass. Among those present were Jan Dobraczynski, Jerzy Ozdowski, Zenon Komender, Kazimierz Morawski, and Henryk Jablonski.

At the ceremonial session of the Capital City People's Council, the park on the Mokotow fields was named in honor of Jozef Pilsudski. The park is in the section of the city planned in honor of Jozef Pilsudski before the war. Similar initiatives were undertaken in other regions of the country.

The Presidium of the SD Central Committee has proposed making 11 November a national holiday again; Deputy Ryszard Bender has made the proposal in the Sejm. Jerzy Sreter, head of the Ministry of Labor and Social Policy, responded to the latter proposal, speaking officially for the government. At its next meeting, the Council of Ministers will take a position in this matter; the premier, however, mentioned that another holiday (there are already 38 "nonworking" Saturdays and eight holidays, including two state holidays) would cost the national income about 80 billion zloty. As in the case of 3 May, the SD variant calls for celebrating the holiday without disturbing the work schedule, without a day off.

Wladyslaw Baka spoke at a press conference at the PZPR Central Committee on the purpose of the party Premises for the Plan to Consolidate the Economy. The chief goal is to halt inflation. This will be done in three areas: strengthening the role and function of money, disciplining income, and a new price policy.

The recommendations from the National Conference of the Working Aktiv were discussed by the Politburo of the PZPR Central Committee. The conference was held at Ursus; 90 percent of its participants were workers, half of whom are not party members. The Politburo decided, among other things: that the party will provide for strong worker representation in the Sejm, the people's councils, and in the party authorities; that comprehensive efforts will be undertaken to halt the declining numbers of young people from worker families that are studying or seeking admission to higher schools.

The premier announced on television that he will send his plenipotentiary to the Lenin Shipyards in Gdansk to guard the interests of the workers there during the liquidation of the plant.

Decisions have been made on the increase of purchase prices for agricultural products, grain, sugar beets, slaughter animals, and milk, which will lead to an average increase of 16 percent in the second half of the year. These increases will not cause an increase in retail prices for basic agricultural products during the current year.

Higher interest rates on individuals' long-term savings accounts and deposits by enterprises and civic organizations have been announced. Two-year deposits will earn interest at the rate of planned inflation for the given year, three-year above the inflation rate. The interest rates of all loans will be made realistic. [passage omitted]

On 6 November in all the churches, the pastoral letter prepared during the 230th Plenary Conference of the Polish Episcopate on the occasion of the 70th anniversary of regaining independence will be read.

Celebrations of the regaining of independence were disturbed by young people's demonstrations in some cities (Gdansk, Krakow, Wroclaw, Warsaw). PAP reports that antistate slogans were shouted and that there were acts of vandalism.

The World Bank has loaned Hortex \$17 million to help in its expansion and modernization of the horticultural cooperative's processing and storage facilities.

This year, the Government Press Bureau reports, there will be no price increases for gasoline. [passage omitted]

The GDANSK CATHOLIC VIDEO MAGAZINE, an hour long, monthly periodical recorded on cassette, has been created by a decree of the Bishop of Gdansk. The MAGAZINE, we read in the communiqué, "was designed to be a pastoral, catechetical aid in teaching religion, cultivating faith, and strengthening the appropriate attitudes in families." In the first issue, there are among other things, statements by T. Mazowiecki and Lech Walesa on the anniversary of the August 1980 Accords in conjunction with the current situation and the "Miracle on the Vistula," the anniversary of the battle near Warsaw. [passage omitted]

SZTANDAR LUDU is looking into the wallets of our dignitaries. Since 1 July 1988, the premier, the chairman of the Council of State, and the Sejm marshal earn 3.5 times the average wage and a supplement of 1.4 times that wage. The average calculated for the first four months of this year is 36,400 zloty. The pay of the premier then is 128,000 zloty plus a supplement of 51,000 zloty, in all 179,000 zloty. The deputy premier receives 161,000 zloty, and a minister 145,000 zloty. Remuneration for the voivods and the presidents of Warsaw, Krakow, and Lodz is 126,000 to 130,000 zloty.

PERSPEKTYWY writes in an interesting report on the car markets why buying a Western car is not such good business. Assuming an exchange rate of 2,200 zloty to a \$1, a windshield for a Nissan Sunny costs 710,000 zloty and a radiator costs 752,000 zloty; for a Toyota Camry respectively the prices are 815,000 and 756,000 zloty.

Prices for alcohol products have increased an average of 10 percent. The decision is justified by the increased private incomes and the need to combat alcoholism. [passage omitted]

#### On the Left

Vladimir Boldyrev, head of Glavlit (the Main Board for Protecting State Secrets in the Press, a body of the USSR Council of Ministers) in an interview for IZVESTIYA: "The opinion that the censor was also a part of the

delaying mechanism is true. It was widely used to create zones beyond criticism (Moscow, the militia, Aeroflot, etc.), to separate off with censorship regulations painful points in our development." Boldyrev said that the number of censorship regulations has been reduced by one-third. They do not apply, as they did before, to accidents and catastrophes, crime, the number of illnesses, and ecological problems. Libraries received more than 7,500 book titles from the "special warehouses," where they were under lock and key by a decisions of Glavlit. About 400 titles remain in special collections—"chiefly pornographic books or those that arouse ethnic discord," Boldyrev explained.

Nina Andreyeva, author of the famous letter "I Cannot Abandon My Principles" criticized in PRAVDA as a "manifestation of conservatism" in an interview with the Zagreb VJESNIK: "Some of those in power have already begun to doubt the socialist character of our system, the historical principles of the choice of the socialist path: they are fighting to weaken the leading role of the party and the working class in perestroika, they are transforming all culture into kitsch, they are diluting the basic principles of the scientific-proletarian ideology of Marx, Engels, and Lenin. The young people are disoriented by the cult of enriching oneself, by the propaganda of a multiparty system, by the mud slung at the Soviet past, the petite bourgeois pacifism, the incitement of nationalism, and many other phenomena that disturb the Soviet people." After her article was published in SOVETSKAYA ROSSIYA, she received more than 3,000 group and individual letters supporting her. Correspondence has also come from the GDR, Czechoslovakia, and Poland. "During the period of stagnation, millionaires appeared in our country, there are more than 100,000 of them. Today having intertwined themselves with the corrupt bureaucracy, they constitute a true social group. The millionaires have strengthened their position using perestroika. The bourgeois style of life is being legalized, they are sowing deideologization, demoralization, opening up nationalistic passions. Among our millionaires, there are members of the CPSU."

"It is no secret," writes SOVETSKAYA ROSSIYA, "that in some regions of the country, the meat consignments are 1.5 to 2 times greater than in the non-black-soil region, in the Urals, or in the larger obvod of Siberia. The system of priorities of the 1950's is still in force. In many regions, rationing has been introduced. It is in use in eight republics and rationed sales are used not just for meat, but also for butter and, recently, sugar. Meat is rationed in 26 obvods, districts, and autonomous regions of the RFSFR; butter is rationed in 32; sugar, in 53." [passage omitted]

The illegal demonstration on the 70th anniversary of the founding of independent Czechoslovakia, which occurred on 28 October in Vaclav Square in Prague still arouses intense reaction in the press.

RUDE PRAVO writes about "illegal groups appearing under the name of the "Movement for Civic Rights."

These groups have published a deceptive pamphlet, the so-called "Manifest for Democracy for All," dripping with falsehoods, feigned concern for the country, and ignoring all the changes in the CSSR. It is clear and obvious to all that the entire so-called opposition is inspired and financed by bourgeois centers of espionage and diversion in the West. It is no accident that in the house of one of the participants arrested in the demonstration, 200,000 dollar coupons from Tuzex were found, earmarked for helping the activists of the anarchist underground." [passage omitted]

A Law on the Participation of Foreign Capital has been adopted by the CSSR Federal Assembly. It has been judged to be open and liberal, among other things, it does not require majority ownership by the Czechoslovak side.

Radio Tirana, appealing for Marxist-Leninist purity, criticized Mikhail Gorbachev. It described perestroika as "a bourgeois, revisionist attack on socialism and the revolutionary forces." Gorbachev "is revising and distorting the entire history of the communist movement and slandering everyone who devoted his life to communism. Glasnost has given the green light to rehabilitating all of the enemies of socialism." [passage omitted]

#### PZPR Voivodship Plenums Held, Reported

Krakow R&D, Technical Difficulties  
26000219 Warsaw TRYBUNA LUDU in Polish  
9 Nov 88 p 2

[Article by Andrzej Gesing: "Progress Must Be Profitable"]

[Text] It is commonly emphasized that financing for research programs is burdened by bureaucracy, which causes unnecessary idle time and delays in work. At the same time, thus far a greater interest in implementing the achievements of science and technology on the part of enterprises cannot be generated. On the rare occasions that it could, it involved mainly the purchase of foreign know-how.

These statements, which are the position of the Krakow party organization, caused a lively discussion among representatives of the scientific community and leading cadres of industrial enterprises in Krakow, who gathered on 8 November for a plenary session of the PZPR Krakow Committee.

"How could it be," asked director of Kabel Factory Marian Kieczkowski, "that we still do not register satisfactory results of scientific-technical progress in Krakow, a city with tremendous scientific and research potential, with a powerful industrial base, when the sociopolitical climate is favorable?"

"The reason is," answered the speaker, "that barriers are found in, say, the system of remunerations, supply of materials, access to even small amounts of currency, and the price policy, whereby prices are set on the basis of costs rather than used to encourage scientific progress."

Prof Krzysztof Piwowarski from the Technical University of Krakow emphasized the exceptionally high energy- and material-intensiveness of the Polish economy. He said that the re-insulation of Polish apartments alone costs about 150 billion zlotys a year. Counteracting such trends should be one of the directions in developing science and technology.

Dr Piotr Gaik from the Economic Academy in Krakow proposed recognizing Krakow as the location for a nationwide experiment on molding systemic solutions determining both the program-setting and financing, as well as the organization and implementation of scientific-technical progress.

Exports of scientific-technical know-how still account for a small fraction of all Polish exports, as was stressed in the discussion. The very slow utilization of opportunities for setting up innovation and implementation units gives rise to concern. This is one of the reasons why, among others, this plenary session is setting forth requests and conclusions which may be used by the government in the plan for consolidating the Polish economy, said Secretary of the Krakow PZPR Committee Jerzy Hausner.

All initiatives and proposals submitted at the plenum followed from numerous contacts between the party and the scientific, technical and economic communities. Therefore, these are not concepts hatched behind a desk.

In this manner, we will be able to find out clearly and objectively who is capable of innovation and who is capable only of routine.

Among others, Minister—Head of the Office for Scientific and Technical Progress Prof Zbigniew Grabowski took part in the proceedings chaired by First Secretary of the Krakow PZPR Committee Jozef Gajewicz.

**Dual Administrative Structure Opposed**  
26000219 Warsaw *TRYBUNA LUDU* in Polish  
14 Nov 88 p 4

[Article by Jolanta Zajac: "A Change in Party Actions"]

[Text] How can the principles of the economic and sociopolitical reform be implemented more efficiently and persistently on the scale of a voivodship, city, parish or enterprise? A plenum of the PZPR Voivodship Committee in Tarnow attempted to respond to this question on 12 November.

As was stressed in unison in all proposals, the party should fully take into account changes occurring in the

life of the country, primarily, the public opinion and expectations of people with regard to improving their material existence. The efficiency of party actions will also hinge on molding attitudes and winning allies for these actions. "The team which I headed," said Jerzy Maniawski, director of the Mechanical Plant in Tarnow, "did not feel competent to set forth clear-cut, new methods and forms of party work. They should be adapted to the specific conditions of each enterprise, organization or community."

However, we are proposing certain models on the basis of consultations. The most important is the reform of organizational structures in the central party apparatus and voivodship committees so as to eliminate the duplication of administrative structures and base their work to a greater degree on volunteer activities by party members.

In conceptual work, it is equally important to use the intellectual potential and experience of party members, and [provide for] greater autonomy in the work of enterprise committees and basic party organizations by reducing the command actions of superior echelons, which are not completely knowledgeable about the needs and problems of individual communities.

The party must win over young and creative people for its operations more vigorously; in enterprises, [this means] primarily the cadres of engineers and technicians.

Talking about changes in the cadre policy, head of yet another team, Jan Krawczyk stressed that the principle of quickly promoting the best and recalling mediocre persons quite as quickly should be accepted as the most important principle. New criteria for promotion include, among other things, abandoning the now quite common principle of overrating the work of functionaries with many years of tenure, who are frequently unable to rise to new, higher responsibilities. However, promotion should make sense financially. Therefore, the new cadre policy should be accompanied by a new wage policy, also providing compensation for the difficult conditions of enterprise operation, supply or bureaucratic difficulties. After all, this is one of the main reasons for turning down promotions.

Head of the Socioeconomic Policy Department of the PZPR CC Janusz Basiak took part in the plenum chaired by First Secretary of the PZPR Voivodship Committee in Tarnow Wladyslaw Plewniak.

**Shipyard Closing Poorly Prepared**  
26000219 Warsaw *TRYBUNA LUDU* in Polish  
17 Nov 88 p 2

[Article by Tomasz Szymanski and Zbigniew Wrobel: "In the Center of Reforms"]

[Text] "Reforms in the Economy and Changes in the Party—Basic Tasks of the Voivodship Party Organization"—such was the topic of the plenary meeting of the

PZPR Voivodship Committee in Gdansk. The import of the meeting was emphasized by the invitation to take part in the discussion extended to outstanding social authorities of Gdansk, a group of young restless managers, as they were referred to, who are successfully practicing and blazing the trail of the reform, and a group of party reformers from a dozen primary party organizations proposing far-reaching changes in social and political life.

Deputy Prime Minister Janusz Patorski and Head of the Department of Socioeconomic Policy of the PZPR CC Janusz Basiak also attended. The proceedings were chaired by First Secretary of the PZPR Voivodship Committee in Gdansk Marek Holdakowski.

It was stated in the discussion that the Tricity [Gdansk, Gdynia, Sopot] metropolitan area has not been developing harmoniously. Industry attracts people for its jobs from all of Poland. There are not enough apartments for them, nor heat in dwellings or shops. The streets are too narrow, public transportation is choking, and sewage treatment plants cannot keep up. This enumeration may be extended.

This, however, is not the topic, as was stressed at the plenum. It is important to neutralize these drawbacks as soon as possible.

Therefore, program "Gdansk-2000," outlining the most important tasks, was developed on the initiative of the party. However, vigor, ideas and money are needed in order to implement it.

There are initiatives already. At the plenum, Dr Jan Kuligowski presented the main premises of the Gdansk self-management economic initiative. This is a comprehensive program aimed at releasing thrift and social enterprise and linking closely the development of industry with that of the region (we will describe it in more detail in another TRYBUNA LUDU issue, because it is very interesting).

Certainly, in the discussion there was no dearth of references to current issues associated with restructuring industry on the coast. Wiktor Borcuch, first secretary of the PZPR Enterprise Committee at the Lenin Shipyard, reviewed the current social situation in the enterprise. Among other things, he said that the enterprise committee had taken the stand that there should be no discussion of the decision to close the shipyard as such, as it had already been made, and its causes had been rooted in economics. The most important issue is to use the assets of the liquidated enterprise most efficiently.

He also stated that, in the opinion of the party organization in the shipyard, the decision on liquidation was not well prepared from the social, substantive and legal points of view. This has caused unnecessary "swings" in the mood of shipyard workers.

Almost all speakers expressed support for the accelerated pace of reforms introduced by the new government of Prime Minister Rakowski, viewing this also as an opportunity for their region. It was emphasized that in the Tricity and the voivodship they are not waiting for the effects of restructuring, but rather securing specific accomplishments. For example, preparatory work is underway for beginning the mining of gravel from the bottom of the Baltic and using phosphogypsum. Plans to streamline the operations of the health care service and trade are assuming a realistic shape.

However, there will not be enough funds for all undertakings necessary for the region. Building a new heating plant, expanding the road network, sewage treatment plant, etc. are among such extremely expensive projects. With reference to many statements in the discussion, Deputy Prime Minister Janusz Patorski considered the attempt to set up a new system of economic, self-management and managerial orientation, reflected in the Gdansk initiative, to be important. He stressed that it is a part of the operational philosophy of the government to look for people who have resolved to work within the new value system and shape a new society—enterprising and enriched by jointly generated assets. This is a resolute course for success, for building a new model of efficient operation of authorities. The work of the Council of Ministers to date may give proof of credibility in this respect.

The speaker reviewed the current status of work on the plan of consolidating the national economy and premises for draft laws on the issues of enterprise status, tax policy and currency policy prepared by the KERM [Economic Committee of the Council of Ministers].

Taking into account statements in the discussion, the plenum recommended in its resolution that echelons of state administration and interested enterprises perform specific tasks in restructuring the economy, housing construction, trade and communal services. The plenum also acknowledged the premises of the Gdansk self-management and economic initiative to be a model for the development of the region.

#### **Midlevel Party Structures Criticized**

26000219 Warsaw TRYBUNA LUDU in Polish  
19-20 Nov 88 p 5

[Article by Jan Urbanowicz: "How to Change 'on the Move'"]

[Text] A discussion in the second part of the session of the PZPR Voivodship Committee in Koszalin, devoted to "the tasks of party echelons and organizations in accelerating socioeconomic changes in the voivodship in light of the 7th and 8th PZPR CC Plenums," lasted more than 7 hours. This is no wonder, because this discussion summed up more than 7 weeks of discussions in the entire voivodship party organization, initiated on 30 September, when the voivodship committee forwarded

35 questions to the party echelons and organizations of the voivodship. Their common denominator was found in the question which now concerns the entire party: what to do in order to ensure socioeconomic progress in the country?

As First Secretary of the PZPR Voivodship Committee, Eugeniusz Jakubaszek, who chaired the proceedings, stated, in many echelons and organizations the questions formulated by the voivodship committee brought up many new questions, caused a confrontation of attitudes and expressions of doubt. However, by now, files full of conclusions, assessments and considerations have resulted from this invigorating ferment. They have been forwarded to the voivodship committee and used in preparing its resolution.

"A search for answers to the questions posed has invigorated the voivodship party organization," stated Secretary of the Voivodship PZPR Committee Henryk Pacjan in his introductory speech. There have been tumultuous meetings of basic party organizations, tumultuous conferences of parish and city committees and tumultuous meetings of the topical commissions of the voivodship committee. It may be stated that in Koszalin Voivodship the party has taken a critical look at itself and at many fields. This is an undeniable achievement of the past 7 weeks. This has also been good preparation for individual interviews with party members, now getting underway, because their topics suggested by the PZPR CC Politbureau are similar to the party discussion conducted in the voivodship party organization.

The emphasis in 13 statements by members of the voivodship committee and invited guests was primarily on the need to adapt the operations of the voivodship party organization and its echelons to the requirements of the present day (members of the Central Committee, delegates to the 10th PZPR Congress and representatives of the voivodship echelons of the ZSL [United Peasant Party], SD [Democratic Party] and PAX were invited).

The speakers came out in favor of the need to eliminate "intermediate elements" in the party—Regional Centers of Party Press which, in the opinion of Ryszard Garnys, have already played their role and at present are ballast for the party. He also criticized the draft for transforming regional centers into those for ideological work, believing this to be a dispersal of party resources.

First Secretary of the PZPR City Committee in Koszalin Eugeniusz Zuber was of the opinion that a public discussion of the party's weaknesses was not a mobilizing influence on the rank-and-file members [of the party]. In the speaker's view, the thesis that "the party is asking this, because it does not want to be in error" should be restricted to the intraparty discussion. Public self-flagellation is not a procedure which improves the condition of party organizations and feeling of well-being of PZPR members.

The head of the Social-Legal Department of the PZPR CC, who took part in the proceedings, agreed with the statements calling for the reorganization of the party apparatus, saying that this process cannot be postponed. The structure duplicating state and economic administration should be replaced by an issue-oriented structure. The party apparatus should play the role of expert and serve elected echelons and party organizations.

"We must learn to avoid forcing through detailed arrangements, to eliminate the altogether excessive specifics of the instructional type, to give up our supposed omnipotence, as called for at the 7th and 8th PZPR CC plenums by comrade Wojciech Jaruzelski," said in summation First Secretary of the PZPR Voivodship Committee Eugeniusz Jakubaszek. "The party cannot wait for better times. It must change on the move."

Finally, following the discussion, the voivodship committee issued a resolution—a position paper outlining directions for the activities by party echelons and organizations and their influence on socioeconomic life by political methods.

#### Safety, Health Control Weaker

26000219 Warsaw *TRYBUNA LUDU* in Polish  
21 Nov 88 p 2

[Article by Henryk Heller: "Routine Inspections and Instructions Are Not Enough"]

[Text] There are many examples to show that occupational safety and hygiene in enterprises have deteriorated. Public opinion polls confirm that the issues of occupational safety, including the danger to the health of employees, are at the top of the list of difficulties workers complain about.

The leadership of the voivodship echelon of the PZPR devoted a plenary session to such issues on 19 November, also inviting WPZZ [Voivodship Trade Union Alliance] representatives and trade union activists from enterprises to take part in the discussion and express their opinions.

Examples quoted in the discussion are not strictly regional, despite the materials presented at this plenum, chaired by First Secretary of the PZPR Voivodship Committee in Konin Lech Ciupa, which stated that considerable dangers to the health of employees in Konin Voivodship are due to peculiar conditions in the industry of the region.

As was shown in the plenary discussion, disruptions and irregularities in the organization of work, the lack of technical supervision and discipline, of persistence in complying with the basic rules and regulations on occupational safety and hygiene are the foremost causes of accidents.

In the first half of 1988 alone, 493 accidents at work were registered in the voivodship, out of which three were fatalities. Acute manifestations of neglect for basic duties in the sphere of occupational safety still occur. How else can we describe the tolerance of faulty devices on conveyor belts in the Brown Coal Pit of Konin and the PAK Power Stations Group or the lack of shielding over the moving parts of machinery and equipment, which the State Labor Inspectorate has pointed up on many occasions?

Therefore, what are the enterprise services doing, which were set up and are paid to ensure that work is safe anywhere and at any work station?

Neglect for periodic medical checkups, including those for underage employees, is commonplace. Along with others, the Polmozbyt State Enterprise—service station No 16 in Konin and the PSS [Polish Food Cooperative] Spolem in Turek, employing the underaged less than 15 years of age without authorization or consent of their parents—are among "distinguished" enterprises.

Zenon Sroczynski, the enterprise physician at the Mostostal in Słupca, taking a critical view of the standard of employee health care, talked about the lack of, say, masks for those employed in the painting shop, or on the inability to secure noise protectors for workers, which necessarily causes occupational diseases.

The discussion also resulted in many critical conclusions on the situation in workers' dormitories.

Basic duties, with which the echelon charges PZPR members holding managerial positions in enterprises, were specified in a resolution adopted at the closing of proceedings. The resolution also obligates enterprise committees and basic party organizations to assign specific tasks in the area of occupational safety to comrades and hold them accountable for these party assignments.

## YUGOSLAVIA

**Draft Amendments to Serbia's Constitution**  
28000027 Belgrade *POLITIKA* (Supplement)  
in Serbo-Croatian 5 Sep 88 pp I-XII

[First paragraph is source introduction]

[Text] Today *POLITIKA* is publishing in a special supplement the amendments which apply to the constitutional position of the Serbian Socialist Republic [SR], relations in the republic, and other issues regulated by the Serbian Constitution. The supplement does not contain the amendments which were taken in full from the Draft Amendments to the SFRY Constitution, since the public discussion of them has ended.

On the basis of article 429 of the Constitution of the Serbian SR and article 120 of the Rules of Procedure of the Assembly of the Serbian SR (SLUZBENI GLASNIK SRS, Nos 15/86 and 16/88), the Assembly of the Serbian SR, in sessions of the Council of Associated Labor, the Council of Opstinas, and the Sociopolitical Council on 25 July 1988, adopted the following conclusions:

1. The Draft Amendments IX-XLI to the Serbian Constitution are approved in the form of the text proposed by the Commission for Constitutional Issues at the meeting of the Commission held on 10 June 1988, with the changes and additions proposed at the Commission's meeting on 22 July 1988.

The opening speech by the president of the Serbian Assembly, presented at a joint session of the councils of the Assembly of the Serbian SR on 25 July 1988, is adopted as the political basis for explanation of the Draft Amendments.

Along with the drafts of certain amendments, also being provided are separate proposals by members of the Commission from one autonomous province or both, and the proposals of the group of delegates in the Serbian Assembly from the Socialist Autonomous Province [SAP] of Vojvodina, so that they can be kept in mind during the public discussion of the Draft Amendments.

2. The Serbian Assembly is not adopting the proposal of the group of delegates from the Vojvodina SAP in the Serbian Assembly for changing the Proposed Draft Amendments.

3. The Serbian Assembly is not adopting the draft amendment proposed by the group of delegates in the Serbian Assembly.

The Commission for Constitutional Issues, in its further work until the adoption of the proposed amendments to the Serbian Constitution, will thoroughly study the problem cited in the Draft Amendments and deliver its proposal in connection with this to the Serbian Assembly.

In its further work, the Commission will also study other issues and suggestions contained in the opinions of the working bodies and the Executive Council of the Serbian Assembly, and propose appropriate solutions.

4. Draft amendments IX-LXI to the Serbian Constitution are presented for a public discussion, which will last until 31 October 1988.

Delegates in the Serbian Assembly and representatives of the republic bodies of sociopolitical organizations throughout the entire republic should participate in the public discussion, regardless of their delegate base.

5. The public discussion of the Draft Amendments to the Serbian Constitution, in accordance with its role in the political system, will be organized and led by the Socialist Alliance of Working People of Serbia, and it will forward the results of that discussion to the Commission for Constitutional Issues of the Serbian Assembly.

6. Working people and citizens and other participants in the public discussion can also forward their comments, proposals, and suggestions directly to the Commission for Constitutional Issues of the Serbian Assembly.

7. The Commission for Constitutional Issues of the Serbian SR, within a period of 60 days from the conclusion of the public discussion, will prepare and submit to the councils of the Serbian Assembly a report on the results of the public discussion of the Draft Amendments, the text of the proposed amendments to the Serbian Constitution, and the text of the proposed constitutional law for implementing the amendments to the Serbian Constitution.

8. Draft Amendments IX-XLI to the Serbian Constitution will be published in SKUPSTINSKI PREGLED.

## COMPENSATION

### Amendment XIX

If the acts of an entity of a sociopolitical community establishing or implementing economic policy substantially violate the equality of organizations of associated labor in acquiring income and disposing of the results of work, at the same time as the establishment of the sociopolitical community's economic policy or the adoption of measures to implement it, compensation is also established and ensured as an integral part of the economic policy measures for the corresponding planning period.

(This amendment replaces article 94 of the Serbian Constitution.)

## PUBLIC FUNDS FOR GOODS OF GENERAL INTEREST

### Amendment XX

In order to ensure material and other conditions for the protection, use, and enhancement of goods of general interest, public funds can be formed in accordance with a law.

The law can prescribe an obligation to pay contributions to the public funds, or an obligation to pay compensation for the use and exploitation of goods of general interest.

(This amendment replaces Part Two, Chapter I, Section 10 of the Serbian Constitution.)

## SOCIAL SECURITY FUNDS

### Amendment XXI

1. In order to ensure social security for working people and citizens, the law can establish public funds and prescribe an obligation to pay contributions to those funds.

(Point 1 of this amendment modifies article 98 of the Serbian Constitution.)

2. The general public needs for which taxes and other duties can be introduced are:

1) the republic's obligations in financing the functions of the Federation; the work of state entities in the republic; national defense within the framework of the rights and duties of the sociopolitical communities; additional funds for opstinas for exercising the rights and duties established by this constitution and law;

2) the obligations of sociopolitical communities established by this constitution and law in the areas of health, social, veterans', and disability protection, education, science, culture, general communal expenditures and other public activities, protection against water damage, elimination of the consequences of natural disasters and the protection of water and air from pollution, and also financing more rapid development of insufficiently developed areas and the Kosovo SAP, additional financing for the programmed activities of sociopolitical and social organizations, if the funds for these needs cannot be secured on the basis of a social agreement, a self-management compact, through contributions, or in another way;

3) awards, refunds, compensations, and other interventions in the economy, and in exceptional circumstances also the stimulation of the development of the economy in accordance with the republic's social plan when it is an irreplaceable condition for economic and social development in a given area and in the event that funds for this purpose cannot be secured on a self-management basis. A law on this can be passed if opinions are first obtained from the Serbian Economic Chamber and the Council of the Serbian Federation of Trade Unions. The law is to be adopted by a two-thirds majority of votes from all delegates in the responsible council of the Serbian Assembly.

(Point 2 of this amendment replaces article 96 of the Serbian Constitution.)

3. A law can specify that certain revenues of a sociopolitical community are not to be added to the budget and are to be used for financing public funds and for interventions in the economy and the stimulation of economic development in accordance with this constitution.

(Point 3 of this amendment modifies article 101 and replaces article 308, point 2 of the Serbian Constitution.)

### LANGUAGE IN OFFICIAL USE

#### Amendment XXIV

The Serbo-Croatian language is in official use in the Socialist Republic of Serbia.

In the Socialist Republic of Serbia, in areas where individual national minorities live, the languages of those national minorities are also in official use in accordance with the constitution and the law.

*Proposal by the members of the Commission from the Kosovo SAP for paragraphs 1 and 2:*

*In the Socialist Republic of Serbia, the Serbo-Croatian language and the languages of the national minorities—Albanian, Hungarian, and others—are in official use in accordance with the constitution, the law, and the statute of the sociopolitical community.*

*In the areas where these languages are in official use, they are to be used on an equal basis.*

The provincial constitution provides in more detail for the equal use of the Serbo-Croatian language and the languages of the national minorities in official use in the territory of an autonomous province.

In the territory of an autonomous province or an area where national minorities live, proceedings before state entities can be conducted in one language in official use, if all of the participants in the proceedings speak that language and agree to this.

(This amendment modifies article 146 of the Serbian Constitution and replaces article 240, paragraphs 1-3 of the Serbian Constitution.)

*Proposal by the members of the Commission from the Kosovo SAP with respect to the effect of this amendment [as published]*

(This amendment modifies article 146 of the Serbian Constitution.)

### RETROACTIVENESS OF LAWS AND GENERAL ACTS

#### Amendment XXVI

1. Laws and other regulations and general acts of the bodies of sociopolitical communities cannot be retroactive.

(Point 1 of this amendment replaces Article 235, paragraph 1 of the Serbian Constitution.)

2. The self-management general acts of organizations of associated labor and self-management organizations and communities cannot contradict republic law, and those acts of self-management organizations and communities in an autonomous province cannot contradict a republic law which is applied throughout the entire territory of the Republic.

(Point 2 of this amendment replaces, as appropriate, certain parts of articles 228, 229, 230, 401, 411, 412, 413, 414, and 418 of the Serbian Constitution.)

### INTEROPSTINA REGIONAL COMMUNITIES

#### Amendment XXVII

1. The formation of new opstinas, the abolition and merger of existing opstinas, the removal of individual population centers from one opstina and their inclusion in another, and changes in the headquarters of opstinas are done when this is required by broader social interests and needs, and in accordance with a previously obtained opinion from assemblies of working people and citizens in local communities from the area to which the changes apply and from the opstina assemblies concerned.

2. Opstinas are associated into interopstina regional communities as special self-managing communities in order to carry out long-term cooperation, coordinate socioeconomic development, and adopt joint plans for coordinating policy in individual areas for the stimulation and development of interopstina cooperation, as well as the achievement of other joint interests.

Monies for the work of these communities are provided by agreement between the associated opstina and the republic.

(Point 1 of this amendment replaces article 282, paragraph 4, and point 2 replaces article 284, paragraphs 1 and 3, of the Serbian Constitution, and modify that article.)

### VOLUNTARY CONTRIBUTION

#### Amendment XXVIII

In order to satisfy the joint needs of working people and citizens, in population centers of an urban nature, opstinas, urban communities, and the city of Belgrade, funds can be gathered by means of voluntary contributions in accordance with the law. Working people and citizens decide on the introduction of voluntary contributions by means of a referendum.

The decision to introduce voluntary contributions is considered to be adopted if it is supported by a majority of the total number of working people and citizens to whom the voluntary contribution applies, and it is mandatory for all working people and citizens in the area or territory for which the voluntary contribution is introduced.

(This amendment modifies article 274 of the Serbian Constitution.)

## IMPLEMENTATION AND APPLICATION OF REPUBLIC LAWS

### Amendment XXIX

1. The republic entities are responsible for the implementation and application of republic laws and other republic regulations which are applied throughout the entire territory of the republic, and in the territory of the provinces the provincial bodies which directly implement them are responsible, as well as the republic entities in accordance with this constitution.

Provincial bodies are responsible for the implementation and application in the territory of the provinces of republic laws which are adopted by the consent of the Serbian Assembly and the assemblies of the provinces.

2. Regulations for the implementation of republic laws and other republic regulations which are applied throughout the entire territory of the republic, as well as other acts and measures for their implementation and application, are adopted by the Executive Council of the Serbian Assembly, or republic administrative bodies, unless the law specifies otherwise.

3. If the law specifies that a regulation for implementation of a republic law or another republic regulation which is applied throughout the entire territory of the republic be adopted by the executive council of the assembly of a socialist autonomous province, or the provincial administrative body, and they do not adopt that regulation, the Executive Council of the Serbian Assembly, or the republic administrative body, will adopt that regulation.

4. In order to ensure the implementation of republic laws and other republic regulations which are applied throughout the entire territory of the republic, relations between the republic entities and organizations in the autonomous provinces are based on mutual cooperation, consultation, and information, and especially on the right and duty of republic entities to request from the provincial bodies reports, data, and notifications on their implementation and on the situation in the areas governed by those regulations and the obligations of the provincial bodies to provide such reports, data, and notifications, as well as on other rights and duties established by this constitution and law.

5. Republic administrative bodies can give binding instructions to provincial administrative bodies to implement republic laws and other republic regulations which are applied throughout the entire territory of the republic.

*Proposal of the members of the Commission from both SAPs for point 5: Point 5 should be deleted.*

6. When the competent provincial body does not perform its work on the basis of a republic law or other regulation which is applied throughout the entire territory of the republic, the competent republic administrative body will warn the competent provincial body about the failure to perform that work and will demand that its performance within a given period be ensured.

If the competent provincial body does not perform that work even after the warning, the competent republic administrative body will perform the work and so inform the Executive Council of the Serbian SR Assembly for the purpose of eliminating by agreement the causes which made it necessary for the republic administrative body to perform that work.

If that work is not performed even after this notification, the Executive Council of the Serbian SR Assembly will inform the Serbian SR Assembly of this and propose appropriate measures."

*Proposal of the members of the Commission from both SAPs for paragraphs 2 and 3 of point 6:*

*If a republic law or other regulation which is applied throughout the entire territory of the republic is not observed or its observance is not ensured in spite of the warning and the measures undertaken, the Executive Council of the Serbian SR Assembly will inform the Serbian SR Assembly of this and propose that the assembly of the autonomous province be asked to undertake measures to ensure the observance of the republic law or other regulation and give notification of this, and may propose that proceedings be initiated to determine the responsibility of the body or the official who heads the competent provincial body."*

7. If entities in the autonomous provinces do not perform specified administrative work established by a republic law or other republic regulation that is applied throughout the entire territory of the republic, and failure to perform that work can have harmful consequences, the republic administrative entity, on the basis of authorization from the Executive Council of the Serbian Assembly, will perform that work and so inform the Executive Council of the Serbian Assembly and the Executive Council of the assembly of the autonomous province.

8. Provincial administrative bodies directly carry out inspection work established by a republic law or other republic regulation that is applied throughout the entire territory of the republic, unless the performance of some of this work is entrusted by the law to republic administrative bodies.

*When entities in the autonomous provinces directly carry out inspection work established by a republic law that is applied throughout the entire territory of the republic, republic administrative entities have the right*

and duty to undertake measures for inspection supervision as established by the republic law.

Republic administrative entities in the areas of national defense and internal affairs have the right and duty to carry out inspection work in the application of republic laws and other republic regulations in those areas which are applied throughout the entire territory of the republic.

*Proposal of the members of the Commission from both SAPs for point 8:*

*8. Provincial administrative bodies directly carry out inspection work established by a republic law or other republic regulation that is applied throughout the entire territory of the republic.*

*When entities in the autonomous provinces do not carry out inspection work established by republic law in the area of national defense, in spite of warnings from the responsible republic entity, the responsible republic entity has the right to initiate or request the initiation of proceedings to determine responsibility for the failure to carry out inspection supervision and also to undertake other measures for inspection supervision as established by republic law.*

(Points 1-8 of this amendment replace Articles 294 and 295 of the Serbian Constitution.)

9. It is only by law that the republic can establish republic administrative entities in the territory of an opstina to perform certain administrative work within the jurisdiction of the republic, and also regulate the obligation of an opstina to establish administrative bodies to perform work within the jurisdiction of the republic or work to implement federal and republic laws within the jurisdiction of the opstina, when that is in the interest of the republic.

10. In implementing or ensuring the implementation of federal and republic laws and other regulations, republic administrative entities have the rights and duties:

1) to give binding instructions to the responsible opstina administrative bodies to apply the laws and to perform the work for which they are authorized by the law and other acts, and directly monitor their performance,

2) to perform inspection work or other administrative work within the jurisdiction of the opstina bodies, either directly or through another body, if those bodies do not perform it,

3) in carrying out inspection supervision, to initiate proceedings through the responsible opstina administrative body to determine the responsibility of an opstina inspector, if he does not perform his tasks legally, conscientiously, and in an orderly manner,

4) to request reports, notifications, and information on the implementation of laws and other regulations.

11. If an opstina administrative body does not implement or does not ensure the implementation of federal and republic laws and other regulations for whose implementation it is responsible, the republic administrative entity will warn it of this and set a period within which it has to undertake measures to implement them or ensure their implementation. The republic administrative entity will so notify the Executive Council of the Serbian Assembly and the executive body of the opstina assembly.

If the implementation of federal and republic law and other regulations is not ensured in spite of the warning, the Executive Council of the Serbian Assembly will warn the executive body of the opstina assembly of this, and can initiate proceedings to assess the work and determine the responsibility of the opstina administrative body, or of the official who heads that body. The Executive Council of the Serbian Assembly notifies the Serbian Assembly of this.

(Point 9 of this amendment replaces article 309, paragraph 2, of the Serbian Constitution; point 10 replaces article 311, paragraph 2 and point 11 modifies Chapter IX of the Serbian Constitution.)

## UNIFORM FUNCTIONS OF THE REPUBLIC

### Amendment XXX

The republic, uniformly for the entire territory of the republic, through the republic entities:

*Proposal of the members of the Commission from both SAPs for the introductory sentence:*

*Republic law establishes uniformly for the entire territory of the republic:*

### Use of the Seal and Anthem

1. Determines and ensures: the use and protection of the seal and anthem of the Serbian SR and the basic content and protection of public documents; the official use of the Serbo-Croatian language; the method and conditions for fulfillment of the equality of the languages of national minorities in official use in areas in which the members of the national minorities live; the protection from pollution of land in which the entire republic has an interest, and supervision over the implementation of these regulations; the foundations for the establishment, classification, and valuation of cultural goods, their protection, and use, and determines cultural goods of exceptional significance for the entire republic.

*Proposal of the members of the Commission from the Vojvodina SAP for point 1:*

*1. The use and protection of the seal of the republic, and the anthem of the republic is determined and its use and*

*protection are arranged; criteria for the establishment, classification, and valuation of cultural goods of exceptional significance for the republic as a whole.*

*Proposal of the members of the Commission from the Kosovo SAP for point 1:*

**1. The use and protection of the seal of the republic, and the anthem of the republic is determined and its use and protection are arranged; the foundations for the establishment, classification, and valuation of cultural goods of exceptional significance for the republic as a whole, and their protection and use are arranged.**

**2. It determines:**

**1) The concept of marriage and the basic conditions for the conclusion of a marriage, the basis for the termination of a marriage, and the rights and duties of spouses;**

**2) The object and basic principles of inheritance, the basis for claiming a legacy, and other basic conditions for the transfer of a legacy to the heirs;**

*Proposal of the members of the Commission from the Vojvodina SAP for subpoint 2:*

**2) The object and basic principles of inheritance, and the basis for claiming a legacy.**

**3) The basic rights, duties, and mutual relations of parents and children and the basic relations between adoptive parents and adopted children;**

*Proposal of the members of the Commission from the Vojvodina SAP for subpoint 3:*

**3) The basic rights, duties, and mutual relations of parents and children.**

**4) The nature of ownership and the limits of the right to ownership, other actual rights, and other institutions which relate to the exercise of these rights, the basis for the acquisition, limitation, and termination of ownership and other actual rights, as well as other basic conditions under which the right of ownership can exist, or other actual rights to real property, the content and the method of keeping records of real property and the rights to it;**

*Proposal of the members of the Commission from both SAPs for subpoint 4: Subpoint 4) should be deleted.*

**5) Types and basic conditions for the subscription to and implementation of public bonds;**

**6) The foundations of the water resource system and its management that are of interest to the entire republic, protection from misuse of water resources, and protection of the water resources;**

*Proposal of the members of the Commission from both SAPs for subpoint 6: Subpoint 6 should be deleted.*

**7) Protection of people's lives and health from contagious diseases whose prevention and curbing are of interest to the entire republic.**

#### **National Defense**

**3. Determines:**

**1) The rights and duties of working people and citizens, organizations of associated labor, local communities and other self-managing organizations and communities, sociopolitical and other social organizations and socio-political communities in preparations for defense and for work in the event of an immediate danger of war, in wartime, and in other extraordinary situations, through which the organization and functioning of the uniform system of national defense are ensured throughout the entire territory of the republic;**

**2) Preparation of the economy and public services for production and the provision of services of particular significance for national defense for the republic as a whole in the event of an immediate danger of war and in wartime;**

**3) The planning of national defense, to ensure the uniform development of national defense, the establishment of uniform assessments, the content of the republic's defense plan, and the coordination of defense plans within the republic as a whole;**

**4) The organization, planning, development, and management of territorial defense of interest to the republic as a whole and the relations of the republic and provincial bodies in the management of territorial defense;**

*Proposal of the members of the Commission from both SAPs for subpoints 1-4:*

*Republic law determines uniformly for the republic as a whole:*

**1) The rights and duties which working people and citizens exercise directly in connection with the organization and preparation for national defense of interest to the republic as a whole; the foundations for arranging the organization and preparation of organizations of associated labor and other self-managing organizations and communities and sociopolitical communities for national defense;**

2) *Development policy in the area of national defense which is established by the republic's social plan, on the basis of an agreement among the republic and the autonomous provinces;*

3) *The common foundations for the organization and preparation of territorial defense and the principles for mutual relations in the management of territorial defense; [no subpoint 4 as published]*

5) *The principles for the organization and preparation of civil defense and mutual relations in managing civil defense;*

6) *Criteria for the distribution and mobilization of the population and material resources for the requirements of national defense of interest for the republic as a whole;*

7) *The management of national resistance in wartime and the relations of the republic and provincial bodies in organizing and managing national resistance in the republic as a whole.*

*Proposal of the members of the Commission from the Vojvodina SAP for subpoint 7:*

7) *The method of coordinating the management of national resistance in wartime and the method of implementing the mutual relations of the republic and provincial bodies in organizing and managing the national resistance.*

## **State and Public Security**

### **4. Determines:**

1) *The uniform assessment of the state of the protection of the constitutionally established order, the plan, measures, and unity in the functioning of the state security service in carrying out work and tasks to protect the constitutionally established order in the territory of the entire republic, and in connection with this, the mutual relations, the method of implementing them, and the method of coordinating the work of the state security services of interest to the republic as a whole;*

*Proposal of the members of the Commission from both SAPs for subpoint 1:*

1) *The mutual relations and the method of implementing them, the method of coordinating the work of the state security services of interest to the republic as a whole, ensuring a joint assessment of the state of the protection of the constitutionally established order, the planning and undertaking of measures, and unity in carrying out work and tasks to protect the constitutionally established order in the territory of the entire republic;*

2) *The mutual relations and coordination of the work of the public security services in curbing criminal acts against the freedoms and rights of citizens that threaten*

*the equality of a people, national minority, or ethnic group, as well as the most complex criminal acts which are perpetrated at the expense of public property, the smuggling of drugs, weapons and ammunition, explosives, and other dangerous materials;*

3) *The mutual relations and coordination of the work of the public security services in preventing the violation of public law and order or in restoring it to a greater degree after it has been violated, when such violation threatens sovereignty, equality and national freedoms, independence, territorial integrity, the system of national defense, security, and public self-defense, and the common interests of working people and citizens, peoples, and nationalities in the republic;*

4) *The mutual relations and coordination of the work of the public security services in implementing the regulations on crossing the state borders, the movements and residence of persons in the border zone, and international transportation;*

5) *The conditions and method of organizing and carrying out work to protect the constitutionally established order throughout the entire territory of the republic or a part of that territory, when particular reasons pertaining to the security of the republic require this in order to curb activities aimed at undermining and destroying the constitutionally established order;*

*Proposal of the members of the Commission from both SAPs for subpoints 2-5): Subpoints 2-5) should be deleted.*

6) *The forms and method of implementing cooperation, notification, and consultation in the area of state and public security between the republic and provincial bodies;*

7) *The types, content, and method of keeping birth, marriage, and death registers;*

8) *The legal position of religious communities and the conditions for their activity;*

9) *The conditions and method of the association of working people and citizens into social organizations and associations of citizens, and the conditions for the public gathering of citizens.*

## **Criminal Legislation**

### **5. Determines:**

*Criminal sanctions for minors, conditional sentence with protective supervision, and conditional release; criminal/legal protection of the lives and organizations of people, their health, honor, and reputation, the dignity of personality and morality, property and property rights, the self-management rights of working people and organizations of associated labor and the right to a labor*

relationship, as well as other freedoms, rights, and relations regulated by this constitution and republic law that is applied throughout the entire territory of the republic; economic crimes and violations contrary to republic regulations that are applied uniformly throughout the entire territory of the republic; conditions and responsibility for violations and sanctions for violations; general rules for the application of correctional measures and the punishment of minors; the statute of limitations, and the basic principles of proceedings for violations.

*Proposal of the members of the Commission from both SAPs for point 5:*

**5. Determines:**

*Criminal acts which violate republic regulations that are applied uniformly throughout the entire republic, as well as criminal acts which violate the equality of citizens, the freedom of movement and settlement, the freedom and right of public information and expression, the freedom of association, speech, public speech, and public gathering, freedom of religion, the inviolability of the home, the inviolability of letters and other means of communication, the freedom of confessions and statements, the reputation of the Serbian SR, and the protection of the air and water from pollution; economic crimes and violations contrary to republic regulations that are applied uniformly throughout the entire territory of the republic; general conditions of responsibility for violations; types of sanctions for violations; the statute of limitations and the basic principles of proceedings for violations.*

**6. Determines the gathering, recording, and processing of information relating to the international cooperation of organs and organizations in the republic, of interest to the republic as a whole.**

*Proposal of the members of the Commission from both SAPs for point 6: Point 6 should be deleted.*

**7. Determines the levels of education and the basic conditions for acquiring knowledge and professional training at all levels of education, common foundations for the classification of courses, and other common foundations for the system of education and upbringing.**

*Proposal of the members of the Commission from both SAPs for point 7: Point 7 should be deleted.*

**8. Determines the procedure for the preparation and adoption, and the content, of the social and regional plan of the Serbian SR.**

*Proposal of the members of the Commission from both SAPs for point 8:*

**8. The procedure for preparing and adopting the republic's social plan, which contains both development and**

*economic policy of common interest which is carried out in the republic as a whole, and the method of coordinating the organization, arrangement, and use of land of interest to the republic as a whole.*

**9. Determines the settlement of conflicts between republic and provincial law (conflicting standards) and jurisdictional conflicts among entities in the Serbian SR, except for the jurisdictional conflicts of bodies within the territory of one province.**

*(This amendment replaces the corresponding parts of paragraph 1 of article 300 of the Serbian Constitution, and modifies that article.)*

## **SOCIAL AND REGIONAL PLAN OF THE SERBIAN SR**

### **Amendment XXXI**

**1. The Serbian social plan, under the conditions of the operation of market laws and the economic autonomy of organizations of associated labor, proceeding from the joint interests and goals established on a self-managing basis in organizations of associated labor and other self-managing organizations and communities, narrower sociopolitical communities, joint Yugoslav development and economic policy, the determinations established by the republic's long-term social plan, and scientific and expert knowledge and the assessments, conditions, and possibilities for development based upon it, establishes the joint development and economic policy, and guides economic and social development.**

The Serbian social plan contains development and economic policy of joint interest, which is carried out in the republic as a whole, and within its framework: the basic directions and joint goals and tasks of socioeconomic development in individual areas; encouragement for the pooling of labor and funds; protection and enhancement of the environment; economic and other incentive measures for the implementation of that policy, as well as other issues pertaining to the joint development and economic policy established by agreements on development and economic policy of joint interest.

*Proposal of the members of the Commission from the Vojvodina SAP for paragraph 2: [as published]*

*The Serbian social plan contains development and economic policy of joint interest, which is carried out in the republic as a whole, and within its framework: the joint goals and tasks of socioeconomic development in individual areas; encouragement for the pooling of labor and funds; economic and other incentive measures for the implementation of that policy, as well as other issues pertaining to the joint development and economic policy established by agreements on development and economic policy of joint interest.*

The Serbian social plan establishes economic and other measures and guidelines and a framework for the adoption of economic policy measures and other measures which are adopted by republic entities or the bodies of the autonomous provinces, in accordance with their rights and duties, in order to carry out the established development and economic policy of joint interest for the republic as a whole and to create the conditions for harmonious and stable economic and social development.

The Serbian social plan also contains guidelines and a framework for the adoption of measures of economic policy established by agreements on development and economic policy of joint interest, which are adopted by entities of the republic and the provinces in accordance with the Constitution or the republic constitution.

In the republic, by agreement between the Serbian Assembly and the assemblies of the socialist autonomous provinces, measures are established for encouraging the pooling of labor and funds for more rapid economic development of the Kosovo SAP.

Development and economic policy of joint interest for the republic as a whole is established in the Serbian Social Plan on the basis of agreements concluded by the Serbian Assembly, the assemblies of the SAPs, the Serbian Economic Chamber, the economic chambers of the SAPs, and organizations of associated labor, which assume specific obligations through those agreements.

The Serbian social plan, which establishes development and economic policy of joint interest which is carried out in the republic as a whole, must be in accordance with the agreements on development and economic policy of joint interest which is carried out in the republic as a whole.

2. The Serbian regional plan, in accordance with natural and social capabilities and needs and the long-term goals of socioeconomic development, proceeding from the joint interests and goals of regional development, determines the utilization of land and guides regional development.

The Serbian regional plan contains joint interests and goals and the policy for regional development, the arrangement and utilization of land throughout the entire territory of the republic, and other issues established by the agreement concluded by the Serbian Assembly and the provincial assemblies.

(This amendment replaces article 305 of the Serbian Constitution.)

## NATIONAL BANK OF SERBIA

### Amendment XXXII

1. The National Bank of Serbia is the institution of the unified monetary system, which, in accordance with the SFRY Constitution, implements joint monetary and foreign exchange policy and the joint principles of credit policy.

The National Bank of Serbia, within the framework of its rights and duties, is responsible for the stability of the currency, for the general liquidity of payments in the country and abroad, and for implementation of the joint monetary and foreign exchange policy and the joint principles of credit policy.

The National Bank of Serbia independently applies the measures established by federal law or other federal regulation, or by a general act, to achieve the goals and tasks of the joint monetary and credit policy and the joint principles of credit policy. Commercial banks and other financial institutions are responsible for adhering to the decisions made by the National Bank of Serbia in order to carry out that policy.

The National Bank of Serbia, in implementing the joint monetary and foreign exchange policy and the joint principles of credit policy, is responsible for acting in accordance with the decisions and measures adopted by the Board of Governors, within the framework of the rights and duties of the National Bank of Yugoslavia, in order to implement that policy.

The National Bank of Serbia cannot engage in the activity of commercial banks.

The National Bank of Serbia, in accordance with the constitution and the law, within the framework of the joint monetary policy and the joint principles of credit policy, proposes to the Serbian Assembly the republic's credit policy, regulations, and other general acts in that area and is responsible for this to the Serbian Assembly.

Measures to implement the joint monetary and foreign exchange policy and the joint principles of credit policy cannot put anyone into an unequal position with respect to the conduct of business and the acquisition of income.

(Point 1 of this amendment replaces paragraphs 1, 2, 3, 4, 6, 7, 8, and 9 of article 307 of the Serbian Constitution.)

2. In conducting political control over the work of the National Bank of Serbia, the responsible council of the Serbian Assembly can eliminate or revoke a regulation or other general act of the National Bank of Serbia which is not in accordance with this constitution, a law, or another regulation, or with another general act that it has adopted.

(Point 2 of this amendment modifies Part Three, Chapter X, Section 3 of the Serbian Constitution.)

## CONDUCT OF INTERNATIONAL COOPERATION

### Amendment XXXIII

1. The Serbian SR, within the framework of the established foreign policy and international treaties of the SFRY, conducts cooperation with the organs and organizations of other states, the organs and organizations of federal units and other territorial units of other states, and with international organizations.

The Serbian SR conducts international political, economic, cultural, educational, scientific, technical, and other cooperation of interest to working people and citizens, peoples and national minorities, organizations of associated labor, and other self-managing organizations and communities in the republic.

2. The Serbian SR conducts international cooperation of interest to the republic as a whole with respect to: representation of the economic, scientific, cultural, educational, athletic, and other achievements by which the republic as a whole is represented abroad; protection of the rights and interests of working people and citizens of the Serbian SR abroad; the satisfaction of interests and the promotion of cooperation with emigrants who are members of the Serbian people and other peoples and national minorities who live in the Serbian SR; the exercise of the rights of members of the Serbian people who live in neighboring countries as national minorities; cultural monuments and memorial markers in other states which are of interest for the history and culture of the Serbian people; border cooperation with neighboring countries, particularly in the area of environmental protection and land management.

*Proposal of the members of the Commission from both SAPs for paragraph 1 of point 2:*

*2. The Serbian SR conducts international cooperation of interest to the republic as a whole with respect to: representation of the economic, scientific, cultural, educational, athletic, and other achievements by which the republic as a whole is represented abroad; the satisfaction of interests and the promotion of cooperation with emigrants who are members of the Serbian people and other peoples and national minorities who live in the Serbian SR; exercise of the rights of members of the Serbian people who live in neighboring countries as national minorities.*

In the areas cited, the autonomous provinces realize international cooperation within the framework of the international cooperation of the Serbian SR.

In the areas cited, opštinas, city communities, organizations of associated labor, and other self-managing organizations and communities in the republic realize international cooperation within the framework of the international cooperation of the Serbian SR.

3. The Serbian SR determines the method of coordinating the conduct of international cooperation and the scheduling of that cooperation by organs, organizations, and communities in the republic, with the programs and conduct of international cooperation of the Serbian SR.

*Proposal of the members of the Commission from both SAPs for point 3:*

*3. The socialist autonomous provinces coordinate the scheduling and conduct of their international cooperation with the entities of the Serbian SR.*

(Point 1 of this amendment replaces article 313, paragraphs 2 and 3, and points 2 and 3 of this amendment modify Chapter IX—Rights and Duties of the Republic.)

## SERBIAN ASSEMBLY

### Amendment XXXV

1. The Serbian Assembly, as the principal agent of the rights and duties of the republic, directly and exclusively:

1) adopts the social and regional plan of the Serbian SR;  
2) examines the opinions and proposals from the Constitutional Court of Serbia on the fulfillment of constitutionality and legality before that court and the opinion of the Constitutional Court of Serbia on whether a provincial constitution is in conflict with the Constitution of the Serbian SR;

*Proposal of the members of the Commission from both SAPs for subpoint 2):*

*2) examines opinions and proposals from the Constitutional Court of Serbia on the fulfillment of constitutionality and legality before that court;*

3) examines and decides on issues of the conduct of the republic's international cooperation in the areas established by this constitution;

4) conducts political supervision of the work of the National Bank of Serbia.

(Point 1 of this amendment modifies article 317, paragraph 1 of the Serbian Constitution.)

2. The Serbian Assembly, as an organ of social self-management, examines: issues of joint interest to organizations of associated labor and other self-managing-

organizations and communities and for their self-managing ties and association within the republic as a whole; issues of interest for the fulfillment of the constitutionally guaranteed freedoms, rights, and duties of people and citizens, and for the fulfillment of the equality of peoples and national minorities in the republic; and the fulfillment of constitutionality and legality, as well as other issues of significance for socioeconomic development and for self-managing and democratic unity in the republic, and adopts conclusions and other appropriate acts on those issues.

In examining these issues, the Serbian Assembly cooperates with the assemblies of the autonomous provinces and with interested organizations of associated labor, other self-managing organizations and communities, and the opstina assemblies on the issues which are of interest to them.

(Point 2 of this amendment modifies Chapter X, Section 1, and replaces article 338, paragraph 1 of the Serbian Constitution.)

3. The Serbian Assembly and the assemblies of the socialist autonomous provinces, in realizing direct cooperation and consultation in individual areas in their independent jurisdiction, may establish joint foundations for the arrangement of relations in individual areas, and if necessary may form joint bodies and realize other forms of cooperation in order to coordinate development programs in individual areas.

(Point 3 of this amendment modifies Chapter IX of the Serbian Constitution)

4. The Serbian Assembly or the responsible council of the Serbian Assembly, before deciding on acts and issues of general significance for working people and citizens, organizations of associated labor, and other self-managing organizations and communities, will request an opinion on those acts and issues from interested republic self-managing organizations and communities and opstina assemblies in the republic.

In the procedure for adopting laws and other acts which arrange relations uniformly for the entire territory of the republic, the Serbian Assembly will request opinions from the assemblies of the autonomous republics, take a position on them, and inform the assemblies of the autonomous provinces.

(Point 4 of this amendment replaces article 338, paragraphs 2 and 3, of the Serbian Constitution.)

#### CADRE POLICY

##### Amendment XXXVI

1. In implementing cadre policy in the republic, the representation of members of the republic's peoples and national minorities in the republic entities from the territory of the entire republic is taken into account, in accordance with the position and function of those organs.

*Proposal of the members of the Commission from the Kosovo SAP for point 1:*

1. In implementing cadre policy in the republic, the representation of cadres from the autonomous republics, as well as members of peoples and national minorities, in the republic entities is taken into account.

(Point 1 of this amendment modifies Part III of the Serbian Constitution.)

2. The president and vice president of the Serbian Presidency, and the president and vice president of the Serbian Assembly, are elected for four years and cannot be elected twice in a row to the same office.

The president of a council of the Serbian Assembly is elected for four years, and cannot be elected twice in a row to the same office.

(Point 2 of this amendment replaces amendment III, point 1, paragraphs 2 and 3, to the Serbian Constitution.)

3. The president of the Constitutional Court of Serbia is elected from among the judges of that court for four years, and cannot be elected again to the same office.

(Point 3 of this amendment replaces Amendment IV, point 1, paragraph 2, to the Serbian Constitution.)

#### JURISDICTION OF THE COUNCILS OF THE SERBIAN ASSEMBLY

##### Amendment XXXVII

1. The Council of Associated Labor independently discusses and decides on: issues of the acquisition and distribution of income; the allocation of part of the income for joint and general social needs; retirement and disability insurance for workers; the position of organizations of associated labor; the association of organizations of associated labor; the rights and duties of workers in associated labor; issues and relations pertaining to the economy and finances, except for those on which it decides on an equal basis with the other councils of the Serbian Assembly and other issues and relations of interest to workers and other working people in social labor which are not decided on an equal basis with the other councils of the Serbian Assembly.

2. The Council of Opstinas independently discusses and decides on the establishment and use of land for construction and things in general use; the organization of local communities and self-management in them; voluntary contributions; the cooperation of opstinas; registries of births, marriages, and deaths; personal identification; the residence and domicile of citizens; personal names, and the provision of services and supplies to them; the surveying of land and the land registry; the protection of

veterans and disabled veterans and other issues of interest to working people and citizens in an opstina, except for those issues and relations on which it decides on an equal basis with the other councils of the Serbian Assembly.

3. The Sociopolitical Council independently discusses and decides on: the protection of the constitutionally established order (state security); republic citizenship; the association of citizens; the legal position of religious communities and other issues related to the fulfillment, development, and protection of the socialist self-management system, except for those issues and relations on which it decides on an equal basis with the other councils of the Serbian Assembly.

4. All councils of the Serbian Assembly, with equal jurisdiction, discuss and decide on: foreign policy and international relations; the social planning system; the social and regional plan; the fulfillment of the constitutional position and equality of peoples and national minorities; the criminal/legal protection and social protection of self-management rights and self-management ownership, national defense, and social self-defense; the organization and work of administrative bodies, judicial bodies, and other entities in the republic; the delegate election system; the rules of procedure of the Serbian Assembly; the election and dismissal of the chairmen and members of commissions and other entities of the Serbian Assembly; the president and judges of the Serbian Supreme Court and other courts which are established on the basis of law as republic courts; the appointment and dismissal of the chairmen and members of republic committees, republic secretaries, and other officials who head republic administrative entities and organizations which perform work of interest to the republic, the republic public prosecutor and the republic social attorney of self-management, as well as other officials and members of administrative bodies for which this is specified by law.

5. The Council of Associated Labor and the Council of Opstinas, with equal jurisdiction, discuss and decide on: the republic budget and the final account; the system for financing the sociopolitical communities within the system of sources and types of income for these communities; property/legal and organizational relations; upbringing and education, science, culture and physical culture, health, social protection and the protection of children; issues and relations in the housing and communal area and in city planning; the development of the economically underdeveloped areas; employment; price policy; the security of property and persons, and the protection of nature and the environment.

6. The Council of Opstinas and the Sociopolitical Council, with equal jurisdiction, discuss and decide on: public security; transportation safety; the system of misdemeanors; the social information system and public information; marriage and family relations; the territorial

organization of sociopolitical communities and the association of opstinas into regional and city communities; the issues of the fulfillment of the freedoms, rights, and duties of people and citizens which are not discussed and decided in the independent and equal jurisdiction of another council.

7. In joint session, the councils of the Serbian Assembly decide on changing the Serbian Constitution; consenting to a change in the SFRY Constitution; changing the borders of the Serbian SR; electing a delegation from the Serbian Assembly to the Council of Republics and Provinces of the SFRY Assembly; electing a member of the SFRY Presidency and members of the Serbian Presidency; electing and dismissing the president and vice president of the Serbian Assembly, and appointing the general secretary of the Serbian Assembly; the president and members of the Executive Council of the Serbian Assembly; the members of the Council of the Republic; the president and judges of the Constitutional Court of Serbia; and extending the term of delegates in the Serbian Assembly;

(This amendment replaces Amendment VIII, points 1-3 and 5-9 to the Serbian Constitution.)

## PRESIDENCY OF THE SERBIAN SR

### Amendment XXXVIII

#### 1. The Presidency:

1) examines issues of general significance to the republic and proposes their discussion and resolution in the Serbian SR Assembly and other competent bodies;

*Proposal of the members of the Commission from the Vojvodina SAP for subpoint 1: Subpoint 1 should be deleted.*

2) cooperates with the presidencies of the socialist autonomous provinces on issues which are of general interest to the republic as a whole, and proposes solutions for those issues;

*Proposal of the members of the Commission from both SAPs for subpoint 2:*

*2) coordinates positions and cooperates with the presidencies of the socialist autonomous provinces on issues which are of general interest to the republic as a whole, and proposes appropriate solutions for those issues;*

3) issues pardons for criminal acts specified by republic law;

4) examines issues which pertain to the fulfillment of the equality and position of peoples and national minorities in the republic, and proposes measures concerning those issues;

5) awards republic decorations and awards in accordance with the law.

2. The Presidency of the Serbian SR, in exercising its rights and duties in the area of national defense throughout the entire territory of the republic, in accordance with the rights and duties of the republic in this area: establishes the republic's defense plan, provides guidelines, and establishes measures for preparing the economy and public services and mobilizing all sources and forces for the defense of the country, and for the coordination of the plans and measures of sociopolitical communities, organizations of associated labor, sociopolitical and other social organizations and citizens for functioning and working in the event of an immediate danger of war and in wartime; ensures the implementation of measures for readiness and other necessary measures which it determines; manages national resistance in wartime; and performs other work in the area of national defense, in accordance with this constitution and the law.

*Proposal of the members of the Commission from the Vojvodina SAP for point 2:*

*2. The Serbian Presidency coordinates positions with the presidencies of the socialist autonomous provinces on: the part of the republic's defense plan which contains issues of joint interest to the republic as a whole; preparations for defense and for work in the event of an immediate danger of war or in wartime; the organization of national resistance and the coordination of the management of national resistance in wartime throughout the entire territory of the republic.*

*Throughout the entire territory of the republic, the Serbian Presidency also performs other work established by this constitution as unified functions of the republic in the area of national defense.*

*Proposal of the members of the Commission from the Kosovo SAP for point 2:*

*2. The Serbian Presidency, in exercising its rights and duties in the area of national defense, coordinates positions with the presidencies of the socialist autonomous provinces on:*

*—the part of the republic's defense plan which contains measures and actions on issues of joint interest to the republic as a whole;*

*—preparations for national defense and for work in the event of an immediate danger of war and in wartime;*

*—the organization of national resistance and coordination of the management of national resistance in wartime throughout the entire territory of the republic.*

*The republic's defense plan also contains issues of joint interest to the republic as a whole.*

*In establishing the part of the republic's defense plan which contains issues of joint interest to the republic as a whole, the Serbian Presidency coordinates positions with the presidencies of the socialist autonomous provinces, and for that reason the defense plans of the socialist autonomous provinces must be coordinated with the republic's defense plan.*

3. The Serbian Presidency, within the framework of the republic's rights and duties, examines the state of the protection of the constitutionally established order (state security) and the state of public security, and takes positions in order to undertake measures and coordinate activities in these areas in the territory of the republic as a whole.

When it determines that this is required by special reasons for the security of the republic, in order to suppress activities aimed at undermining or destroying the constitutionally established order, the Serbian Presidency can, in accordance with republic law, decide that a responsible republic entity is to undertake direct organization of the performance, or the performance, of specific work to protect the constitutionally established order throughout the entire territory of the republic or in part of its territory, using the forces and resources of the bodies responsible for internal affairs from the entire territory of the republic.

*Proposal of the members of the Commission from both SAPs for point 3:*

*3. The Serbian Presidency, within the framework of the republic's rights and duties, examines the state of the protection of the constitutionally established order (state security), and coordinates positions with the presidencies of the socialist autonomous provinces in order to undertake measures in this area throughout the entire territory of the republic.*

4. The Presidency of the Serbian SR examines the situation for the conduct of the republic's international cooperation and adopts positions in order to originate initiatives for proposing measures and coordinating the activities of competent bodies in realizing this cooperation in the territory of the republic as a whole; it establishes the program for international cooperation and international visits, and the method for realizing them.

*Proposal of the members of the Commission from both SAPs for point 4: Point 4 should be deleted.*

5. The Serbian Presidency is responsible to the Serbian Assembly for its work.

The Serbian Presidency submits a report on its work to the Serbian Assembly.

6. The Serbian Presidency consists of 11 members.

7. The Serbian Assembly elects 8 members of the Serbian Presidency, by secret vote, on the basis of a list of candidates determined by the Socialist Alliance of Working People of Yugoslavia.

8. The Serbian Assembly publishes the composition of the members of the Serbian Presidency by position.

9. The Serbian Presidency has a president and a vice president who are elected by the Serbian Assembly from among the elected members of the Serbian Presidency.

10. A member of the Serbian Presidency cannot be a delegate in the Serbian Assembly or an elected or appointed official of another republic entity.

(Point 1 of this amendment replaces points 1, 2, 3, 8, and 9 of article 359; point 2 replaces article 360; point 3 replaces article 363; point 4 replaces subpoint 11 of article 359; point 5 replaces article 371; point 6 replaces Amendment V, point 1; point 7 replaces paragraph 2 of article 364; point 8 modifies article 364; point 9 replaces paragraph 4 of article 364; and point 10 modifies Chapter XI of the Serbian Constitution.)

#### CONSTITUTIONAL COURT OF THE SERBIAN SR

##### Amendment XXXIX

###### 1. The Constitutional Court of Serbia:

Decides whether republic laws agree with the Serbian Constitution;

Decides whether a republic law which is adopted by the Serbian Assembly with prior agreement from the assemblies of the autonomous provinces is in agreement with the Serbian Constitution.

(Point 1 of this amendment replaces article 401, paragraph 1, point 1 of the Serbian Constitution.)

2. The Constitutional Court of Serbia decides, depending upon the seriousness of the violation of the constitution and the law, and on the seriousness of the harmful consequences that have arisen through the application of a regulation or other general act of an entity of a sociopolitical community, or self-management general act, whether the regulation, other general act of an entity of a sociopolitical community, or self-management general act will be annulled or revoked.

(Point 2 of this amendment modifies article 311 of the Serbian Constitution.)

3. The social attorney of self-management can initiate proceedings before the Constitutional Court of Serbia.

(Point 3 of this amendment replaces article 413, paragraph 2, point 7 of the Serbian Constitution.)

4. Anyone whose rights have been violated by a final or legally binding individual act adopted on the basis of a law or other regulation and general act of a sociopolitical community or a self-management general act, which has been determined by a decision of the Constitutional Court of Serbia to be in conflict with the Serbian Constitution, or a provincial law that has been determined to be in conflict with a republic law that is applied throughout the entire territory of the republic, or which is in conflict with a federal law which republic entities are responsible for enforcing, has the right, after the cessation of the validity of those laws or of a general act that has been annulled by a decision of the Constitutional Court of Serbia, to request that the responsible body change that specific act.

A proposal to change a final or legally binding individual act adopted on the basis of a law or other regulation and general act of an entity of a sociopolitical community and a self-management act which has been determined by a decision of the Constitutional Court of Serbia not to be in agreement with a republic law which is applied throughout the entire territory of the republic and which has ceased to be in force, or which is in conflict with a federal law which republic entities are responsible for enforcing, or another regulation or general act of an entity of a sociopolitical community or a self-management general act which has been annulled by a decision of the Constitutional Court of Serbia, can be submitted within a period of 6 months from the day of the publication of the decision in SLUZBENI GLASNIK SR SRBIJE, if not more than one year has passed between the delivery of the individual act to the submission of the initiative or the proposal for initiating these proceedings.

If it is determined that changing the individual act cannot eliminate the consequences resulting from application of a law which has been determined by a decision of the Constitutional Court of Serbia not to be in agreement with the Serbian Constitution, or a provincial law which has been determined not to be in agreement with a republic law which is applied throughout the entire territory of the republic, and has ceased to be in force, or another regulation or general act of an entity of a sociopolitical community or a self-management general act which has been annulled by a decision of the Constitutional Court, the Constitutional Court of Serbia can determine that these consequences are to be eliminated by a return to the prior situation, by compensation for the damage, or by a different means.

(Point 4 of this amendment replaces article 414, paragraphs 1, 2, and 4 of the Serbian Constitution.)

5. If proceedings are instituted to assess the constitutionality and legality of a law or other regulation or another general act of an entity of a sociopolitical community or of a self-management act, which is claimed to be simultaneously contrary to the Serbian Constitution or a republic law and to a provincial constitution or a provincial law, the assessment of its constitutionality and

legality is done by the constitutional court of the province, while assessing only whether that regulation or other general act is in agreement with the provincial constitution or provincial law.

If the constitutional court of the province does not decide within a period of six months, or decides that the law or other regulation or other general act is in agreement with the provincial constitution or provincial law, the Constitutional Court of Serbia will continue the proceedings to assess whether the regulation or other general act is in agreement with the Serbian Constitution and republic law.

(Point 5 of this amendment replaces article 415 of the Serbian Constitution.)

*Proposal of the members of the Commission from both SAPs for point 5:*

5. *If proceedings are instituted to assess the constitutionality and legality of a regulation or other general act of an entity of a sociopolitical community or a self-management general act, which is claimed to be simultaneously contrary to the Serbian Constitution or republic law and to a provincial constitution or provincial law, the assessment of its constitutionality and legality is done by the constitutional court of the province, while assessing only whether that regulation or other general act is in agreement with the provincial constitution or provincial law.*

(Point 5 of this amendment replaces article 415, paragraph 1, of the Serbian Constitution.)

6. When in the course of the proceedings a law, other regulation, or a general act of an entity of a sociopolitical community or a self-management general act is brought into agreement with the Serbian Constitution or law, but the consequences of unconstitutionality or illegality are not eliminated, the Constitutional Court of Serbia can establish through a decision that the law, other regulation, or general act was not in agreement with the Serbian Constitution and the law.

This decision by the Constitutional Court of Serbia has the same legal effect as a decision establishing that the law has ceased to be in force after the expiration of a given period or when the unconstitutionality of the law has been eliminated within that period, or a decision which annuls another regulation or general act.

(Point 6 of this amendment replaces article 418 of the Serbian Constitution.)

7. Proceedings before the Constitutional Court of Serbia and the organization of the Constitutional Court are determined by the Constitutional Court of Serbia.

(Point 7 of this amendment replaces article 421 of the Serbian Constitution.)

## SUPREME COURT OF SERBIA, REPUBLIC PUBLIC PROSECUTOR

### Amendment XL

1. The Serbian Supreme Court decides, under conditions and in a manner established by law, on extraordinary legal means against a legally binding decision by a regular court in an autonomous province, because of a violation of a republic law which is applied throughout the entire territory of the republic.

(Point 1 of this amendment modifies article 422 of the Serbian Constitution.)

*Proposal of the members of the Commission from both SAPs for point 1:*

1. *The Serbian Supreme Court decides, under conditions and in a manner established by law, on a request for the protection of legality against a legally binding decision by a regular court in an autonomous province, because of a violation of a republic law which is applied throughout the entire territory of the republic, if such a request has been rejected by the supreme court of the province.*

2. Regular courts are established by law.

(Point 2 of this amendment replaces article 243, paragraph 1, of the Serbian Constitution.)

3. The republic public prosecutor can issue binding instructions for the work of a provincial public prosecutor in matters in which the republic defines criminal and other punishable acts.

(Point 3 of this amendment modifies article 425 of the Serbian Constitution.)

*Proposal of the members of the Commission from both SAPs for point 3: Point 3 should be deleted.*

## REMOVAL OF INAPPROPRIATE CONSTITUTIONAL TERMS

### Amendment XLI

1. A law which, on the basis of an agreement, arranges relations uniformly for the entire territory of the republic is adopted by the Serbian Assembly with the prior consent of the assemblies of the autonomous provinces. If the assemblies of both autonomous provinces do not give that consent, that law is not applied in the territory of the autonomous province whose assembly did not give its consent.

(Point 1 of this amendment replaces article 301, paragraph 4, of the Serbian Constitution.)

2. The republic strives to ensure material and other conditions to stimulate more rapid economic development of economically underdeveloped areas, except for

those areas in the territory of the autonomous provinces, as well as to strengthen the material base for essential public services in those areas.

To stimulate faster economic and social development in economically underdeveloped areas, other than such areas within the autonomous provinces, a special republic-level fund is established.

(Point 2 of this amendment replaces paragraph 1 and the first sentence of paragraph 3 of article 306 of the Serbian Constitution.)

3. A decision is considered to be adopted on issues and relations which are not arranged for the entire territory of the republic if it has been voted for by a majority of the delegates present in the responsible council of the Serbian Assembly who were elected in the territory in which that decision is applied.

(Point 3 of this amendment replaces the first sentence in article 343 of the Serbian Constitution.)

#### **Additional Proposal of a Group of Delegates in the Serbian Assembly on the Method of Changing the Serbian Constitution**

A group of delegates in the Serbian Assembly, during the discussion on the occasion of the establishment of the Draft Amendments to the Serbian Constitution, proposed establishing, in addition to the amendments proposed by the Commission for Constitutional Issues, a separate amendment determining the method of changing the Serbian Constitution, with the following wording:

1. A change in the Serbian Constitution is decided upon by the Serbian Assembly. If the change in the Serbian Constitution pertains to issues of interest to the socialist autonomous provinces, the Serbian Assembly decides with the consent of the assemblies of the autonomous provinces.

2. A proposal to initiate changes to the Serbian Constitution can be submitted by any council of the Serbian Assembly, at least 30 delegates in the Serbian Assembly, the Serbian Presidency, the Executive Council of the Serbian Assembly, and also the assemblies of the autonomous provinces when this concerns a change to the Serbian Constitution that is of interest to the socialist autonomous provinces.

The Serbian Assembly decides on the proposal to initiate a change to the Serbian Constitution, and when this concerns a change to the Serbian Constitution that pertains to issues of interest to the socialist autonomous provinces, the Serbian Assembly decides with the consent of the assemblies of the autonomous provinces.

3. The Serbian Assembly, after a public discussion has been held, approves a proposed act on changing the Serbian Constitution, and decides on it. When this

concerns a change to the Serbian Constitution that pertains to issues of interest to the socialist autonomous provinces, the Serbian Assembly decides with the consent of the assemblies of the autonomous provinces.

4. If the Serbian Assembly and the assemblies of the autonomous provinces cannot reach agreement in making a decision on the proposal to initiate a change to the Serbian Constitution, the proposal is decided upon in a republic referendum which is scheduled by the Serbian Assembly. The proposal is considered to be adopted if a majority of the citizens who have the right to vote in a referendum have supported it in the referendum.

If the Serbian Assembly and the assemblies of the autonomous provinces cannot reach agreement in making a decision on the proposed act on changing the Serbian Constitution, the proposal is decided upon in a republic referendum which is scheduled by the Serbian Assembly. The proposal is considered to be adopted if a majority of at least two thirds of the total number of citizens who have the right to decide in a referendum have supported it in the referendum.

#### **Alternative to Point 4**

If the Serbian Assembly and the assemblies of the autonomous provinces cannot reach agreement in making a decision on the proposal to initiate a change to the Serbian Constitution, the disputed issue is presented for discussion to a Conference of Delegates, consisting of 60 delegates from the Serbian Assembly and 30 delegates from each of the assemblies of the autonomous provinces. The Conference of Delegates is convened by the president of the Serbian Assembly. The Conference of Delegates examines the disputed issue on which the Serbian Assembly and the assemblies of the autonomous provinces did not reach agreement. The Conference of Delegates adopts positions on the disputed issue, of which it informs the Serbian Assembly and the assemblies of the autonomous provinces. The Serbian Assembly and the assemblies of the autonomous provinces, after becoming acquainted with the positions of the Conference of Delegates, reexamine the proposal to initiate a change to the Serbian Constitution or the proposed act on changing the Serbian Constitution, and decide on it again. If the Serbian Assembly and the assemblies of the autonomous provinces do not reach agreement in this second decisionmaking process either, the decision is made at a republic referendum scheduled by the Serbian Assembly.

(This amendment replaces article 427, paragraphs 1 and 3, article 428, and paragraph 1 of "article 430, and modifies Chapter XVII of the Serbian Constitution.")

The Serbian Assembly, at the council meetings on 25 July 1988, did not accept the proposal to approve the above amendment, and decided that the Commission for

Constitutional Issues, in its further work until the adoption of the proposed amendments to the Serbian Constitution, would thoroughly study the problem cited in this draft amendment, and forward its proposal in connection with this to the Serbian Assembly.

#### **Disputed Amendments to Serbia's Constitution Compared**

28000028 Belgrade *ILUSTROVANA POLITIKA*  
in Serbo-Croatian 13 Sep 88 pp 6-7

[Article by Zoran Erak]

[Text] Of the 19 amendments to the Constitution of the Serbian Socialist Republic [SR] that will be open to public discussion until 31 October, 9 have been coordinated and the remaining 10 are "moving" into the discussion with different formulations established by the competent republic or provincial political bodies.

An attempt will thus be made to resolve the disagreements and dissension "in the field."

What is there in the disputed amendments (we singled out the most significant ones) that was proposed by the republic, and what was proposed by the provinces?

#### **Amendment XXIV**

Language in official use—the republic proposes:

"The Serbo-Croatian language is in official use in the Socialist Republic of Serbia.

"In the Socialist Republic of Serbia, in areas where individual national minorities live, the languages of those national minorities are also in official use in accordance with the constitution and the law."

The members of the Constitutional Commission of the Serbian Assembly from the Socialist Autonomous Province [SAP] of Kosovo are giving a different formulation:

"In the Socialist Republic of Serbia, the Serbo-Croatian language and the languages of the national minorities—Albanian, Hungarian, and others—are in official use in accordance with the constitution, the law, and the statute of the sociopolitical community.

"In the areas where these languages are in official use, they are to be used on an equal basis."

The provincial position is thus contained in the determination that all languages are official in the republic...

#### **Amendment XXIX**

The carrying out and application of republic laws—in paragraph 5, the republic proposes:

"Republic administrative bodies can give binding instructions to provincial administrative bodies to carry

out republic laws and other republic regulations which are applied throughout the entire territory of the republic."

The delegates from both provinces advocate deleting this section, and are thus opposing giving such authority to the republic.

In paragraph 6, the republic proposal is:

"When the competent provincial body does not perform its work on the basis of a republic law or other regulation which is applied throughout the entire territory of the republic, the competent republic administrative body will warn the competent provincial body about the failure to perform that work and will demand that its performance within a given period be ensured.

"If the competent provincial body does not perform that work even after the warning, the competent republic administrative body will perform the work and so inform the Executive Council of the Serbian SR Assembly for the purpose of eliminating by agreement the causes which made it necessary for the republic administrative body to perform that work.

"If that work is not performed even after this notification, the Executive Council of the Serbian SR Assembly will inform the Serbian SR Assembly of this and propose appropriate measures."

The delegates from both provinces, however, consider direct interventions by the republic bodies to be unnecessary, and so are formulating their own position:

"If a republic law or other regulation which is applied throughout the entire territory of the republic is not observed or its observance is not ensured in spite of the warning and the measures undertaken, the Executive Council of the Serbian SR Assembly will inform the Serbian SR Assembly of this and propose that the assembly of the autonomous province be asked to undertake measures to ensure the observance of the republic law or other regulation and give notification of this, and may propose that proceedings be initiated to determine the responsibility of the body or the official who heads the competent provincial body."

#### **Amendment XXX**

Uniform functions of the republic—according to the Serbian SR's proposal, they begin with the sentence:

"The republic, uniformly for the entire territory of the republic, through the republic entities..."

The delegates from both provinces think that this opening sentence should read:

"Republic law establishes uniformly for the entire territory of the republic..."

This finesse is quite clear: the republic should not exercise its jurisdiction through the republic bodies, but rather pass a law which will then be implemented by the provincial forums, in the way described in the provinces' positions on paragraphs 5 and 6 of amendment XXIX.

In the section on "National Defense," the republic proposes:

"1. The rights and duties of working people and citizens, organizations of associated labor, local communities and other self-managing organizations and communities, sociopolitical and other social organizations and socio-political communities in preparations for defense and for work in the event of an immediate danger of war, in wartime, and in other extraordinary circumstances, through which the organization and functioning of the uniform system for national defense are ensured throughout the entire territory of the republic.

"2. Preparation of the economy and public services for production and the provision of services of particular significance for national defense for the republic as a whole in the event of an immediate danger of war and in wartime.

"3. The planning of national defense, to ensure the uniform development of national defense, the establishment of uniform assessments, the content of the republic's defense plans, and the coordination of defense plans within the republic as a whole.

"4. The organization, planning, development, and management of territorial defense of interest to the republic as a whole and the relations of the republic and provincial bodies in the management of territorial defense."

The delegates from the provinces feel that the following formulation should be put in:

"Republic law determines uniformly for the republic as a whole:

"1. The rights and duties which working people and citizens exercise directly in connection with the organization and preparation for national defense of interest to the republic as a whole; the foundations for arranging the organization and preparation of organizations of associated labor and other self-management organizations and communities and sociopolitical communities for national defense;

"2. Development policy in the area of national defense which is established by the republic's social plan, on the basis of an agreement among the republic and the autonomous provinces;

"3. Common foundations for the organization and preparation of territorial defense and the principles of mutual relations in the management of territorial defense."

This last section expresses the essence of the provincial positions: the republic should establish the method of management, but should not engage in management.

In paragraph 7 of the same amendment, the republic proposes that its bodies determine:

"The management of national resistance in wartime and the relations of the republic and provincial bodies in organizing and managing national resistance in the republic as a whole."

Those from Vojvodina, once again, feel that the republic should determine only:

"The method of coordinating the management of national resistance in wartime and the method of implementing the mutual relations of the republic and provincial bodies in organizing and managing the national resistance."

In the section on "State and Public Security," the republic proposal is that its bodies determine:

"2. The mutual relations and coordination of the work of the public security services in curbing criminal acts against the freedoms and rights of citizens that threaten the equality of a people, national minority, or ethnic group, as well as the most complex criminal acts which are perpetrated at the expense of public property, the smuggling of drugs, weapons and ammunition, explosives, and other dangerous materials;

"3. The mutual relations and coordination of the work of the public security services in preventing the violation of public law and order or in restoring it to a greater degree after it has been violated, when such violation threatens sovereignty, equality and national freedoms, independence, territorial integrity, the system of national defense, security, and public self-defense, and the common interests of the working people and citizens, peoples, and nationalities in the republic.

"4. The mutual relations and the coordination of the work of the public security services in implementing the regulations on crossing the state borders, the movements and residence of persons in the border zone, and international transportation;

"5. The conditions and method of organizing and carrying out work to protect the constitutionally established order throughout the entire territory of the republic or a part of that territory, when particular reasons pertaining to the security of the republic require this in order to curb activities aimed at undermining and destroying the constitutionally established order..."

The provincial delegates on the republic constitutional commission propose that all of these powers for the republic be deleted!

**Amendment XXXIII**

The realization of international cooperation—the republic proposes:

"The Serbian SR conducts international cooperation of interest to the republic as a whole with respect to: the representation of economic, scientific, cultural, educational, athletic, and other achievements by which the republic as a whole is represented abroad; protection of the rights and interests of working people and citizens of the Serbian SR abroad; the satisfaction of interests and the promotion of cooperation with emigrants who are members of the Serbian people and other peoples and national minorities who live in the Serbian SR; the exercise of the rights of members of the Serbian people who live in neighboring countries as national minorities; cultural monuments and memorial markers in other states which are of interest for the history and culture of the Serbian people; border cooperation with neighboring countries, particularly in the area of environmental protection and land management."

The provincial representatives feel that the republic does not have to be directly concerned with:

"Protection of the rights and interests of working people and citizens of the Serbian SR abroad, cultural monuments and memorial markers in other states which are of interest for the history and culture of the Serbian people, border cooperation with neighboring countries, particularly in the area of environmental protection and land management."

**Amendment XXXV**

The Assembly of the Serbian SR—according to the republic's proposal:

"Examines the opinions and proposals of the Constitutional Court of Serbia on the fulfillment of constitutionality and legality before that court and the opinion of the Constitutional Court of Serbia on whether a provincial constitution is in conflict with the Constitution of the Serbian SR."

The delegates from the provinces feel that this is too great a power for the republic assembly, and so they proposed this formulation:

"Examines the opinions and proposals of the Constitutional Court of Serbia on the fulfillment of constitutionality and legality before that court."

**Amendment XXXVIII**

The Presidency of the Serbian SR—the republic proposes:

"Examines issues of general significance to the republic and proposes their discussion and resolution in the Serbian SR Assembly and other competent bodies."

The Vojvodina members of this commission are requested that this be deleted.

It is the republic's proposal that:

"The Presidency of the Serbian SR, in exercising its rights and duties in the area of national defense throughout the entire territory of the republic, in accordance with the rights and duties of the republic in this area: establishes the republic's defense plan, provides guidelines, and establishes measures for preparing the economy and public services and mobilizing all sources and forces for the defense of the country..."

The provincial representatives feel that the Presidency of the Serbian SR should not "establish" but rather "coordinate positions with the presidencies of the socialist autonomous provinces."

In paragraph 4 of this amendment, the republic's proposal reads:

"The Presidency of the Serbian SR examines the situation for the conduct of the republic's international cooperation and adopts positions in order to originate initiatives for proposing measures and coordinating the activities of the competent bodies in realizing this cooperation in the territory of the republic as a whole; it establishes the program for international cooperation and international visits and the method for realizing them."

The provincial delegates' position: "Paragraph 4 should be deleted."

**Amendment XL**

The work of the public prosecutor—the republic proposes:

"The republic public prosecutor can issue binding instructions for the work of a provincial public prosecutor on matters in which the republic defines criminal and other punishable acts."

The provincial delegates say, "It should be deleted."

With these few significant examples, we have attempted to show how much the positions of the representatives of the republic and the provinces differ, and are even drastically apart, with respect to vital issues in the functioning of the Serbian SR as a state. It is clear, however, that the public discussion should make it possible for the broadest possible number of working people and citizens to speak out about these differences.

It is unlikely that the people will allow the continuance of this kind of situation in their republic, which also can be clearly seen in the basic approaches to the changes to the

Constitution, in which both provinces are offering (and bitterly defending) proposals which are frequently merely cosmetic with respect to the Constitution that is being changed.

**Serbian Official Discusses Constitutional Amendments**

28000030 Belgrade *INTERVJU in Serbo-Croatian*  
14 Oct 88 pp 4-9

[Interview with Dr Borisav Jovic, president of the Assembly of the Serbian Socialist Republic and chairman of the Commission for Constitutional Questions of the Assembly of the Serbian SR, by Dr Dragan Simeunovic: "The Nation Decides on the Constitution"; date and place not given; first paragraph is INTERVJU introduction]

[Text] Developments relating to the constitutional changes in the SFRY and Serbian Socialist Republic [SR] in the context of the current sociopolitical situation in which they are occurring are the subject of a discussion with one of the most famous personalities in our contemporary political life, Dr Borisav Jovic, president of the Assembly of the Serbian SR and chairman of the Commission for Constitutional Questions of the Assembly of the Serbian SR.

[INTERVJU] Preparations to amend the Yugoslav Constitution are in the final phase. How do you assess the results of the work on changes in the SFRY Constitution?

[Jovic] I believe that significant progress has been made in the constitutional decisions pertaining to the socio-economic system. What I particularly have in mind here is the issue of the status of economic organizations, banks, collectives, personal labor, the treatment of public property in some other categories of production goods. There the greater part of our proposals were adopted, and these changes should lead to greater economic initiative, to a more rational relationship toward public property and resources in general, to greater independence on the part of economic organizations, to increased motivation for labor and for the results of labor. In a word, they should dismantle many of the barriers that have blocked our economic development.

However, we are not entirely satisfied with some decisions that are of great economic significance and have a political dimension as well; they involve the fiscal system, the monetary and credit system, and the manner in which that affects the unity of the market and the integration of economic development.

[INTERVJU] What in your opinion are the specific inadequacies of those decisions?

[Jovic] Well, the constitutional decisions on the fiscal system and fiscal policy can be described as predominantly regional in nature, behind which lie the demands

of the republic, province, local, and SIZ [self-management community of interest] authorities to autonomously collect income from the economy and population. However, little—or rather, nothing—has been done to tame the numerous taxing authorities and to constitutionally protect the economy from the excessive power of too many consumers. I fear that it simply will not be possible to take advantage of the decisive force of fiscal policy as a lever for Yugoslav economic policy in the struggle for stabilization.

Furthermore, suggesting that it will be possible to reach agreement on a common fiscal policy is not a convincing substitute for that necessary governmental instrument employed by all market economy countries. It may be that the fate of that economic instrument was sealed by those constitutional decisions which still provide for domination by the national economies and weigh heavily on the unitary market, but by the nature of the situation it was not possible to discover better decisions at this moment. In any case, it is no small problem and no better decision was found.

No less problematic, I am thoroughly convinced, are the proposed constitutional decisions determining that the National Bank of Yugoslavia and the national banks of the republics and autonomous provinces are in some way independent and equal monetary institutions. The entire complex of mutual relations and responsibilities, etc. was so arranged that the decision does not give priority to the need for unity in the monetary system and monetary policy, which would guarantee the way to stability for the national currency.

[INTERVJU] One gets the impression that changes in the political system in particular do not go nearly as far as the public demands, at least in our republic.

[Jovic] There are significant improvements in this area too, above all in the electoral system, since the changes introduce direct elections and make it obligatory to have several candidates for each post. However, other proposals were not accepted, such as, for instance, the proposal that the members of the SFRY Presidency should be elected by the Assembly of Yugoslavia, or the unanimous demand, not only of the working people and citizens of our republic, for greater cooperative work, etc. in the Assembly of Yugoslavia. I wonder why there is this fear that the SFRY Assembly, the highest organ of power and social self-management in our Yugoslav community of nations and nationalities, should also constitute the assembly most directly and most authentically expressing the interests of the working class of Yugoslavia, and at this moment I can only express my regret that it was not possible to achieve general agreement on this point.

Because of the great differences of opinion on these questions, they, like some others for that matter, were postponed until the next phase of constitutional change, which is supposed to lead to total constitutional reform, to the drafting of an entirely new constitution.

As for changes in the SFRY Constitution which were supposed to eliminate from its provisions the idea of treating the republic and autonomous provinces equally and to create the constitutional foundation for the upcoming constitutional changes in our republic, our proposals were adopted, including also that last one which pertains to interethnic cooperation. These demands of ours, however, had been limited by the political decision not to alter the fundamental principles of the SFRY Constitution in this phase of constitutional change.

[INTERVJU] A public discussion of the draft amendments to the Constitution of the Serbian SR is currently under way. This is attracting much attention, not only in Yugoslavia, and provokes very different comments and assessments of its substance and goals. What would you define as the most prominent characteristic of this discussion?

[Jovic] Without doubt, it is clear that the course of the discussion thus far in the republic, including the Vojvodina SAP [Socialist Autonomous Province], has clearly revealed the enormous support from the working people and citizens, nations and nationalities, for the proposed changes, the goal of which is to secure the functions of the Serbian Socialist Republic throughout its territory.

[INTERVJU] However, from the very beginning some provincial leaders have very stubbornly refused to accept such changes.

[Jovic] Today we see very clearly that instead of unjustifiably "sticking" various political labels to the Serbian leadership, by which they managed only to achieve the exact opposite, inasmuch as they have undermined their own reputation and their own position, it would have been better for them to communicate the substance of the proposals for constitutional changes to the nations and nationalities, to the working people and citizens, and, if they really can, to explain democratically and publicly what it is that is not good in these proposals, and why.

It has never been explained why, in their view, it is not in the common interest for us to have a joint defense plan for the republic as a whole. Are they really convinced that we should coordinate three separate defense plans in the republic only at the federation level? Did that not reveal a clear striving to ensure that in an essential governmental function the Serbian SR would remain divided into three separate and mutually independent parts with nonmandatory forms of cooperation, as we have had thus far?

Or, for example, how can the proposed right of the republic to intervene in security matters in case of danger of breakdown in the constitutional order represent a limitation on the provinces' autonomy? In my opinion, if there is already a threat to the constitutional order—and we are only talking about that—then the

republic's intervention would defend rather than violate the provinces' autonomy. There is no doubt that there are some who would prefer a province in which counter-revolution rages to a province within the framework of a republic with the proposed constitutional authority, but leaderships aspiring to enjoy the confidence of the nation should not fall into that trap.

Disputing the justification of the most important proposed constitutional changes would not be cause for criticism in and of itself if it were based on arguments and if the real motives were revealed. Unfortunately, in the absence of convincing arguments, critics of the draft amendments to the Constitution of the Serbian SR have resorted to methods and assertions which not only are not true but which have also done direct political damage to our community.

[INTERVJU] What examples of such assertions would you cite as particularly striking and dangerous to cooperation and unity?

[Jovic] One such is the assertion that adoption of the draft amendments to the Constitution of the Serbian SR would threaten the rights of citizens belonging to the nationalities. That is a gross untruth. Not a single right of citizens of nationalities is in question; on the contrary, these changes strengthen those rights still further. It is pretty low to sow concern among citizens in an attempt to protect one's bureaucratic position. Those who have done such things must bear full responsibility for them.

Another similar untruth is the assertion that adoption of the draft amendments would mean an additional transfer of material resources from the provinces to the republic. In other words, people are attempting to frighten the nation on the most sensitive issues, on national equality, even though—I can assert this categorically—no provision of the draft amendments provides for any sort of transfer of resources of this nature.

Another similar untruth was spread among agriculturalists in Vojvodina, with the assertion that these changes would limit the autonomous provinces' right to act to resolve the problems of agriculture and that this could cause more and more uncertainty for agricultural producers. It is very clear that the proposed changes do not provide for any change in this respect or with regard to any other rights of the autonomous provinces to make decisions within the federation, and that such assertions are unfounded.

The list of attempts to deceive citizens would be far longer but they cannot conceal the truth, and that is that the draft amendments to the Constitution of the Serbian SR far from restricting them, guarantee more strongly yet all constitutional rights to all citizens and to all nations and nationalities; that they do not provide for any territorial transfer of revenues; and that they do not call into question any function of the autonomous provinces. It is exclusively a question of securing the normal

governmental functions of the Serbian SR as a government throughout its territory; the 1974 Constitution defined these functions in an unclear or inadequate manner so that it has not been possible to implement them.

[INTERVJU] Therefore there is no intention of dissolving the provinces or of restricting their autonomy?

[Jovic] The Serbian SR must be unitary, integral and must constitutionally consolidate defined functions throughout the territory of its socioeconomic, territorial, and political being, not violating—on the contrary, strengthening—the autonomy of the provinces as an irreplaceable factor for the development of the entire potential of our working people and citizens, who live in certain regions of our republic and who, linked by special historical and other interests, see their social development and fate unambiguously linked with the development of the fate of the Serbian SR.

There is no thought of any restrictions whatsoever on the autonomy; we are thinking about the unity of the republic. We must fully respect the functions of the autonomous provinces precisely as accords with the nature of autonomy, but the republic must secure the required degree of unitary functions in the necessary sphere of governmental intervention, and especially in situations where there is a danger of breakdown in the constitutional order. What kind of government would the Serbian SR be—and now unfortunately it is such a government, and that has got to change—if there were no intervention in this sector throughout its territory, not even in such extraordinary situations?

The situation is similar in the sphere of interethnic cooperation, courts: Nobody has any idea of attacking the provinces' judicial autonomy, nobody thinks that the provinces should not have their supreme courts.

However, when it is a question of republic legislation, in the case of relations defined by republic laws, when a citizen of this republic goes to court he must have the right to expect and to seek from the highest court in his republic the final decision. The Supreme Court of Serbia cannot be closed to a single citizen of our republic when it is a question of applying republic regulations, without that this republic would have no right to be considered unitary.

Some critics of the proposed changes advance the weak argument that it reduces the autonomous rights of the provinces if their citizens obtain the chance to defend their rights under republic laws before the Supreme Court of Serbia. But does this not increase the rights their citizens? I am certain that it is of tremendous importance for putting a stop to the emigration of Serbs and Montenegrins from Kosovo that they, even if they stay in Kosovo, have the chance to appeal to their republic, which has constitutional rights in elementary governmental functions, and that it be able to protect them.

[INTERVJU] As long as we have just mentioned Kosovo, the discussion of the draft amendments will be conducted in conditions that have been aggravated by the security situation. How can we explain the fact that, despite all the efforts being made, emigration is continuing?

[Jovic] The greatest problem and the fundamental cause of all this is the fact that it has not been possible to ensure that working people and citizens work and live freely and peacefully, i.e. to ensure their security. The pressure from Albanian nationalists and separatists has continued in various forms. Because of this, the discontent, lack of security, and uncertain position of those belonging to the Serbian and Montenegrin nationalities have not only continued, but actually increased. That is the reason why all the results achieved in the material and other spheres to implement the resolutions and positions adopted, as important as they are, have had a limited effect. The question of citizens' security, of their fundamental human rights and freedoms, of defending the integrity of their person and possessions—this must be at the forefront, which means at the center of political and social action. Those who are in power and who are supposed to ensure that security must take responsibility for that.

Our republic has proposed changes in the Constitution of the Serbian SR so that it can take over part of the responsibility in this sector as well. However, the resolution of these problems cannot wait for the changes in the Constitution: we must act at once. Those who have constitutional and legal authority and responsibility for ensuring citizens' rights and freedom, their security and safety, must do so without delay. At present that authority belongs to the province and the federation. We must demand that they do everything constitutionally and legally possible and ensure people's security and legal safety and that of their possessions, and thereby help put a stop to the emigration of Serbs and Montenegrins from Kosovo, that being this country's most serious political and social problem. Our republic makes and will make its full contribution within the framework of the federation's actions, and with the adoption of the changes to the Constitution, it will do so directly and, I believe, more efficiently.

[INTERVJU] The Kosovo question is indeed one of responsibility and has long—for practically 8 years now—been a highly topical issue. However, a considerable number of people believe that today, at a time of constitutional changes, we should not emphasize demands for responsibility, lest we "shake the foundations."

[Jovic] Emphasizing responsibility—and above all the responsibility of the competent authorities—is inevitable because we cannot have things continue without responsibility, especially as pertains to Serbian and Montenegrin emigration. Those in power will be responsible, and not those who criticize that power. We will not accept attempts to put responsibility for the situation on the nation, just because the nation is dissatisfied with the situation or protests against it in various ways. It must be

clear to each person in a responsible position that judgments are constantly being made and that it is necessary to make such judgments on the basis of results achieved in official programs. That is true of each of us. The fate of the nation is at stake and in light of that we cannot be compassionate toward anyone.

[INTERVJU] Does that mean that somebody from the Yugoslav party leadership will take responsibility for the fact that the counterrevolution in Kosovo has not been suppressed even after 8 years?

[Jovic] Like the entire public, I expect that the 17th session of the LCY CC [Central Committee], taking into account the responsibility for the situation in Kosovo, will make changes in the membership of the LCY CC Presidency and other bodies, and that it will decide to renew the membership of the Central Committee itself by replacing a number of members.

[INTERVJU] What do you think about the "veto"? There had been hints about that from the provinces even before the public discussion began.

[Jovic] It is correct that the act changing the Constitution of the Serbian SR is passed by the Assembly of the Serbian SR with the consent of the assemblies of the autonomous provinces. However, one should be aware that the Constitution is not an act to be passed by consensus among top republic and province politicians without regard to the expressed will of the citizens.

In connection with this I will also say frankly that from the first initiatives to amend our republic's Constitution and then in the course of the further work to prepare the text of the draft amendments, we were constantly confronted with unique blockages in one or other phase of the process of constitutional change. There were warnings that the "veto" might be used. Naturally, such an attitude, especially if not based on arguments, did not contribute to the atmosphere necessary for the work of constitutional change. This is practically the first time since the adoption of the 1974 Constitution that we have attempted to amend our republic's Constitution according to the constitutionally defined procedure, which provides for that unique right of tripartite decisionmaking and thereby the possibility of a veto. In our opinion, the 1974 Constitution provides that specific instrument only for circumstances which threaten the provinces' existence or the foundations of their autonomy.

Our citizens would find it hard to understand that the possibility of a veto should be converted into a unique position from which it would be possible to dictate to the entire republic and the majority of its working people and citizens conditions for living together in the unitary Serbian SR which are unacceptable to the majority. Recent events in the Vojvodina SAP are unambiguous proof of that.

That is why the Constitution of the Serbian SR will be amended—and I am deeply convinced of this—in a democratic manner, respecting citizens' opinions in all the assemblies which decide on the adoption of the amendments. It cannot be otherwise because the nation would not accept it. However, that does not mean that we do not need to seek a better constitutional solution, one which will rule out similar traumatic situations in the future.

[INTERVJU] Proposals have come from the provinces to continue coordination within the leaderships, i.e. among the leaderships of the republic and the provinces.

[Jovic] Those demands came from the province leaderships but they did not simultaneously communicate any new positions, nor did they simultaneously change anything in their earlier positions. We cannot escape the impression that these are attempts to confuse the public in order to raise questions about the draft amendments which the Assembly of the Serbian SR has adopted, to disorient the citizens, and to provoke criticism of the leadership of the Serbian SR—exposing it to charges of negotiating behind closed doors. I want to say clearly that we must consistently respect the constitutional procedure. A public discussion is under way now in which everybody can say what he thinks about the draft amendments to the Constitution of the Serbian SR, but if province officials want to say something different from what they have said thus far, they have got to say it publicly. There will not be and there cannot be agreement behind the public's back. However, it is clear that after the positions adopted by the LCY CC Presidency on the amendments to the Constitution of the Serbian SR, the public expects the province leaderships to take a positive stand on them. That is politically necessary if the discussion is to develop further, democratically, under normal conditions.

[INTERVJU] In your view, what is the significance for the further development of the discussion of the fact that the Presidency of the LCY CC recently gave its support to the draft amendments to the Constitution of the Serbian SR?

[Jovic] You know that in 1985 the LCY CC considered it necessary to bring about constitutional changes in the Serbian SR, to give it governmental authority throughout its territory. That was also confirmed by the 13th LCY Congress. It was absolutely necessary for the LCY CC to determine whether our proposals were in line with the Congress' demands because there was some difference of opinion on that question.

There were efforts to persuade the nation that the proposals from the provinces which the Assembly of the Serbian SR did not adopt also followed the line of the 13th Congress. However, they could not be following the same line, i.e. that of the 13th LCY Congress, to argue that the Serbian SR should have authority for public security in the provinces or should not have it. Those are

two diametrically opposed things. Or, that it should have authority in the area of national defense throughout its territory or that it should reach agreement on that with the provinces as if they were three separate governments. The two are opposites. It was absolutely necessary to overcome this difficulty.

Today we can say that we are entering a new phase of discussion on the Serbian SR Constitution. Now in view of the fact that the LCY CC Presidency has responded to our question, Was our proposal in accord with the 13th LCY Congress and the positions of the LCY CC?

That will, without a doubt, create the conditions for a long, constructive public discussion which will last through the end of October. Thus far many have conducted the discussion in terms of "for" or "against," and less as an attempt to still further improve some of the decisions through public discussion, to discuss the concrete issues, how they were settled and how that could be improved.

Another contribution to this constructive approach came from the final, extraordinary session of the Constitutional Commission of the Assembly of the

Serbian SR, which finally confirmed the agreement of all members of the Constitutional Commission—including the representatives of the Vojvodina SAP and the Kosovo SAP—that the draft amendments to the Constitution of the Serbian SR adopted by the Assembly of the Serbian SR will be the sole basis for further public discussion. There is no doubt that this creates the conditions not only for finding the best constitutional solutions for this phase of constitutional change in the Serbian SR, but also for establishing the necessary unity in our republic, which is also of long-term significance for unity in Yugoslavia.

[INTERVJU] And finally, what could you say you expect from the 17th session of the LCY CC as pertains to the constitutional changes?

[Jovic] I expect that it will contribute through its positions to overcoming the remaining differences in definition on the amendments to the SFRY Constitution and that it will confirm the positions of its Presidency on the ideological orientation of the draft amendments to the Constitution of the Serbian SR.

## INTRABLOC

### Integration Viewed as Best Course for CEMA Restructuring

26000213 Warsaw *PRZEGLAD TYGODNIOWY* in Polish No 46, 13 Nov 88 p 3

[Article by Paweł Bozyk, dean, Department of Foreign Trade, Main School of Planning and Statistics: "Banking on the Triangles"]

[Excerpts] The Council for Economic Mutual Assistance has found itself at a crossroads: old arrangements are no longer efficient, and attempts at streamlining them do not produce the desired effect. In my opinion, excessively superficial reforms in this organization are the reason. Meanwhile, it is in need of fundamental changes, especially structural, on the scale of Soviet *perestroika*. After all, 40 years ago the CEMA was set up for altogether different purposes.

In 1949, the Council for Mutual Economic Cooperation was to handle primarily political tasks, and, only after that, economic ones. On the one hand, the council was to assist in integrating the small and medium-size countries of Eastern and Central Europe with the Soviet Union, and, on the other, in isolating them from the capitalist countries. Had it not been for the so-called cold war, the rejected Marshall Plan, the conflict in Korea and many other political events of the late 1940's and early 1950's, different developments may have occurred. [passage omitted]

#### The Doors Are Too Narrow

After the first dozen or so years of relatively successful development of cooperation within the framework of the CEMA, barriers which required radical changes in the operation of this organization began to emerge in the mid-1960's.

First of all, the concept of autarchic development, adopted as the main element of the development strategy for CEMA countries, became obsolete. After the cold war period of the first half of the 1950's, increasingly long periods of detente and cooperation began to occur. Due to this, shouldering the increased cost of autarchic development no longer made sense in a situation where the same goals could be attained less expensively and more successfully through international cooperation.

Also, the concept emphasizing, in the long run, the development of extractive, heavy and engineering industries, which, among other things, were the foundation of the armament industry in the CEMA countries, became obsolete. Implementing this concept placed a major burden on the investment balances of CEMA countries, especially the ones which in the past had had nothing to do with these industries; in this manner, it restricted the opportunity to develop other sectors.

The concept of making European socialist countries economically dependent on the economy of the Soviet Union in the mode of "raw materials in exchange for manufactures" became obsolete. After all, Soviet raw material resources in the European USSR were depleted, and their transportation from Siberia to Eastern and Central Europe merely to be processed into extremely material-intensive and outmoded products (cars, ships, etc.) became economic nonsense.

Finally, the mechanism of CEMA operations became obsolete, which reduced everything to coordination at the national central levels and robbed the enterprises of the freedom to make decisions on mutual cooperation.

The so-called comprehensive program of socialist integration adopted by all countries at the 25th CEMA Session in Bucharest in 1971 was to become a response to these difficulties. This program was supposed to introduce changes in CEMA operations which were truly revolutionary by the standards of that time.

For the first time, the program included the notion "integration." Previously, it was used in the purely pejorative sense, in reference to what was going on in the European Economic Community. CEMA countries should cooperate, not integrate, stated a GDR representative at a scientific conference devoted to these issues and held in Warsaw as recently as 1965. At that time, the notion "integration" was used primarily to denote more varied forms of cooperation than to date, i.e., not only foreign trade, but also specialization and cooperation in production, joint enterprises and joint investment. Even then, the Soviet Union told other CEMA countries that, in the years to come, it would not be able to increase deliveries of raw and other materials for production. Mining these raw materials costs us more if for no other reason than that it is now being done in Siberia, stated the Russians in Bucharest at the 25th CEMA Session. If you want more raw materials, invest in mines, oil and gas pipelines in our country. At that time, the Soviet Union also made it known that, in the long run, it would not accept nonmodern manufactures as payment for raw materials. The development of Soviet cooperation with economically developed capitalist countries made it possible to import modern technologies and industrial products in exchange for crude oil and other raw materials.

The above statements signified an official departure from the previously adopted concept of structural links between the countries of the Council for Mutual Economic Assistance. From that point on, integration of the CEMA countries was to be based on the exchange of manufactures for manufactures, developed mainly in the form of cooperation agreements.

The comprehensive program also spoke of the need to abandon the primacy of the heavy and engineering industries, on the need to develop agriculture and light industry, on "opening" the economies of CEMA countries, etc.

The experience of the European Economic Community played an important role in modifying the mechanism of CEMA operations. The EEC was formed 10 years later than the CEMA, uniting countries with complementary economic structures at similar levels of socioeconomic development, which had had traditional, well-established mutual economic ties. Thus, unlike the CEMA, EEC countries adopted the policy of expanding their traditional economic ties rather than destroying them. In doing so, they used the market mechanism best suited for this kind of tasks, to be sure, adjusted by the cooperating countries as necessary.

#### Everyone on His Own

A completely different point of departure, as well as a different mechanism of cooperation, enabled EEC countries to achieve much more progress in integration compared to that in the CEMA. Therefore, it is no wonder that CEMA countries, fascinated by this progress, introduced many elements of the EEC operational mechanisms into the comprehensive program of integration as early as 1971.

Firstly, it was decided to decentralize some coordination measures, empowering enterprises themselves to sign contracts and other agreements directly, to set international prices based on negotiations, etc. Along with traditionally rigid quantitative and value quotas, the notion of so-called liberalized exchange—not subject to quotas—appeared in agreements.

Second, it was resolved to endow the international currency of the CEMA countries (so-called transferable ruble) with all the basic functions of an international convertible currency (value indicator, legal tender, reserve currency). Subsequently, mutual settlements were to become multilateral, and currency rates of exchange were to become realistic rates, playing a role in price setting and decisionmaking.

Third and last, as a consequence of the changes mentioned in the two points above, it was resolved to improve the efficiency of operation of CEMA agencies, reducing the time needed for preparing basic resolutions and recommendations.

At present, with almost 20 years of hindsight from the preparation of the comprehensive program of integration of the CEMA countries, it is clear that it was not possible to fulfill it.

The lack of structural complementarity in the CEMA countries was the basic cause. Complementarity of an interindustry type (Soviet raw materials in exchange for finished manufactures delivered by the remainder of the CEMA countries) was no longer relevant for the reasons I have already mentioned. On the other hand, there was no complementarity of an intraindustry type, typical of the EEC, which is manifested in international cooperation in production.

The implementation of the comprehensive program of integration in the CEMA countries was also hampered by mounting structural dislocations in the world, expressed in the 1970's by the energy and raw material crises. Several years of poor harvests in agriculture of the CEMA countries, growing social tension and the rapid growth of wages and other forms of income of the populace in many socialist countries also were a factor. All of this caused the relatively rapid and balanced growth in the CEMA countries, typical of the 1960's, to give way to growing imbalances of the 1970's. [passage omitted]

Under these circumstances, the CEMA countries began to emphasize increasingly the development of economic relations with countries outside the CEMA, especially the economically developed capitalist countries. In some cases, the share of capitalist countries in overall [foreign trade] turnover of CEMA countries came to 50 percent (Romania, Poland). Purchases of highly productive technologies, modern manufactures, scarce foodstuffs and raw materials in the capitalist market began. Consequently, the balance-of-payments deficit of CEMA countries in relations with the West began to grow rapidly and, subsequently, the effort was made to export the most attractive products to the West rather than to the CEMA countries.

At the same time, introducing the mechanism of integration proposed in the comprehensive program ran into a fundamental barrier presented by the national planning systems incongruous with this proposals. In the 1970's, quite the opposite occurred. Divergent directions of economic development in the CEMA countries magnified the variance in this field considerably. These systems assumed different shapes in Hungary and Poland compared to those of the GDR and Czechoslovakia, or the Soviet Union and Bulgaria, or still another one in Romania. In some CEMA countries, the degree of centralization grew (Czechoslovakia and the GDR), in others, changes were ostensible (Bulgaria and the USSR). In Hungary, a system of indirect management of the economy was introduced. In Poland, the concept was changed several times.

Overall, the CEMA countries began to move away from a convertible international currency and realistic currency exchange rates, multilateral settlements and other comparable parameters of economic calculations. Discussions on this topic which began in the early 1970's did not bring any results.

Contrary to the intentions, disintegration tendencies began to mount in the CEMA.

The pursuit of convertible currencies intensified. Opportunities for cooperation with the West increased as a result of considerable improvement in Soviet-American relations. The demand for imports from the West grew, followed by the tendency to expand exports from the CEMA countries to economically developed capitalist countries at any price.

At the same time, restrictions on the delivery of Soviet raw materials to the CEMA countries grew as a result of a slowdown in the growth rates of the Soviet extractive industry, further increases in the capital intensiveness of their production, and the high cost of transporting raw materials from Siberia to Eastern and Central Europe.

The interest of the Soviet Union in importing obsolete and relatively expensive manufactures from the CEMA countries declined further. Changes in the Soviet economic mechanism introduced by *perestroika* have considerably boosted the interest of this country in modern technologies, modern machinery and equipment, as well as industrial consumer goods of high quality.

The directions of economic reform diverged still further. Romania stuck with the premises of the command system, which are several decades old. The GDR modernized it only slightly. Poland and Hungary assumed a radical course, which means the introduction of a market mechanism.

Under these circumstances, the changes are small, despite successive attempts to improve the system of operations of the CEMA, debureaucratize it and make it more "economy oriented." There are no signs that they will produce better results than those of 1971, given the continuation of trends to date.

#### Cures

Therefore, the CEMA is even now in need of radical therapy, switching the work of this organization to an entirely new mode. Changes must be adequate for the requirements of the contemporary world economy, on the one hand, and for the situation existing in the cooperating CEMA countries, on the other. Switching to a two-stage process of integration is the main element of this therapy.

The economic unification of organisms which are most complementary from the structural and systemic points of view could be the basis for the first stage of integration. There are many opportunities in this field. From the structural point of view, this could be accomplished by, say, the triangles Czechoslovakia-GDR-Poland, Hungary-Czechoslovakia-Poland, Poland-Hungary-Bulgaria, etc. In all these cases, it is possible to develop much faster than thus far an intra-industry division of labor, based on cooperation in production, joint enterprises, joint investment, etc. However, it is necessary to introduce new economic and institutional arrangements. Among economic arrangements, we might mention mutual convertibility of national currencies (initially, in a limited form, and subsequently, in full—based on the existing opportunities), realistic exchange rates of currencies playing a role in price setting and decisionmaking, multilateral settlements within the confines of individual triangles, etc.

Just as in the EEC, certain institutions of a supranational nature may be introduced. This historical experience of integration in countries with various systems and at various levels of development has shown the decisive superiority of supranational arrangements over international ones. With regard to the CEMA to date, a switch from international to supranational arrangements has been running into insurmountable barriers for many reasons. Should smaller structures emerge, many of them could be overcome.

From the standpoint of structure, many triangles are possible in the CEMA, whereas institutional considerations allow fewer. Such opportunities are created by similarities in the system of operation of economies. As of now, the similarity is close among Poland, Hungary and, in part, Bulgaria, and the GDR, Czechoslovakia and, in part, Romania. However, the process of economic reform is advancing fast in all countries, and opportunities change from day to day.

A federation between "minor CEMAs" and the Soviet Union would be the basis for the second stage of integration. From the structural point of view, it would be based initially on the raw material dependence of the small and medium-size CEMA countries on the Soviet Union, which, after all, has been the case to date. For many years to come, the CEMA countries will not get rid of this dependence; nor is there a need to do so. As time goes by, the intraindustry division of labor could be developed on an increasingly broad scale.

The federation between "minor CEMAs" and the Soviet Union in the initial period could be based on the current CEMA mechanism emphasizing institutional arrangements of an international nature (international agreements, passive economic instruments such as prices, currency exchange rates, bilateral or multilateral clearing settlements, etc.). In the future, an economic mechanism based on the convertible Soviet ruble could also be the basis of this federation. Every indication is that the Soviet Union is considering the introduction of such convertibility very seriously.

#### Guarantees of Success

In today's CEMA, the integrating element is found in the still considerable interest small and medium-size countries have in importing fuels and raw materials, mainly from the Soviet Union, and exporting, in exchange for this, not-too-modern manufactures, in the environment of simultaneous extremely limited development of cooperation in production. The proposed arrangement would emphasize the development of cooperation in production within the confines of small structures, preserving their dependence to date on Soviet raw materials. A guarantee of the development of international cooperation in production within small structures would be found in an adequate economic mechanism, more efficient than the present one, the similarity of economic structures, likely potentials and certain supranational

arrangements. In other words, countries within the confines of "minor CEMAs" would gravitate toward each other considerably more, and the economic mechanism introduced would accelerate such gravitation. As time goes by, "minor CEMAs" integrating all small and medium-size countries of Eastern and Central Europe could emerge.

I am certain about the interest of "minor CEMAs" in cooperating with the Soviet Union. This is a tremendous country capable of developing modern industry, science and technology on its own, using the economies of scale and many other advantages available to small and medium-size countries only in the environment of regional integration. Cooperation with the Soviet Union makes sense not only for the socialist countries, but for all others. The FRG, Great Britain, Japan and dozens of others seek such cooperation. Easier access to the Soviet market should be treated as an essential benefit for the development of the remaining CEMA countries.

Speeding up the integration processes within the CEMA is a necessary factor reinforcing the position of small and medium-size CEMA countries in relations with the West. Discussions on the "common European house," on the unification of Europe and many other companion projects do not only fail to reduce the need for this, but, on the contrary, make this foremost in significance.

## BULGARIA

### Savings Bank Chairman Interviewed on Changes, Economic Conditions

22000029 Sofia IKONOMICHESKI ZHIVOT  
in Bulgarian 26 Oct 88 p 2

[Interview with Georgi Karamfilov, chairman of the State Savings Bank, by Ivanka Chakurov: "Active Participation in the Nation's Economic Life"; date and place of interview not given]

[Text]

[IKONOMICHESKI ZHIVOT] Comrade Karamfilov, given the comprehensive restructuring of the economic, social and spiritual life of our society, what are the new arrangements in the field of savings?

[Karamfilov] The restructuring of the activities of the State Savings Bank (DSK), including the ways in which savings are handled, cannot be viewed in isolation from the comprehensive restructuring of socioeconomic life. Past results, acquired traditions among the population, and cumulative experience with savings will provide the wherewithal for meeting demands for further improvement in the field of savings. We anticipate the introduction of new deposit forms to suit the heightened requirements of depositors and the need to reconcile the interests of citizens and the socialist state.

Current savings procedures and noncash payments for goods and services through a disbursement deposit will continue to be improved chiefly by a sharp increase in the noncash monetary transactions which the DSK handles. Wider opportunities will be provided for citizens, by an increase in services which can be paid for through a disbursement deposit. We plan in the not distant future to introduce new forms of noncash payments using magnetic-coded bank cards. We are now working on increasing security for payments by check. A large portion of our efforts is aimed at setting up a unified national system for noncash payments by individuals.

[IKONOMICHESKI ZHIVOT] Since the start of this year, the DSK has been figuratively a people's bank. Would you explain this concept, and is there any essential difference from the "former" savings bank?

[Karamfilov] According to the Decision of the Politburo of the BCP Central Committee of 27 February 1987 and Decree No 33 of the Council of Ministers of 3 June 1987 concerning the restructuring of the banking system, the DSK has been defined as a specialized savings-credit bank for serving individuals and the self-managing economic organizations of local importance, or as it is more frequently called a "people's bank." This name corresponds completely to the new activities and the functional jurisdiction of a savings bank. Under the new conditions, the bank will work harder to uncover and attract liquid assets from the national economy. On the other hand, banking principles and bank supervision are already being fully applied to loans, by which the DSK will participate in the investment process related to the construction of housing and the servicing of the people's councils and the self-managing economic organizations of local importance.

I would say that there is an essential difference between the "former" savings bank and the "people's bank." Along with traditional activities, the DSK has been given the rights and obligations of the Bulgarian National Bank in the financing of housing construction by the people's councils, government agencies, and socialist organizations. In this manner it will participate directly in solving the housing problem by providing credit for the construction of an annual average of 80,000 housing units. Since the DSK has been given the right to exercise bank supervision over the bookkeeping records of certain self-managing local organizations, the bank will definitely have an opportunity to encourage producers to increase the production of goods and services in demand by citizens. In addition, according to Decree No 35/1987, the DSK is to provide credit for citizens who wish to organize the production of goods and services following the procedures of this decree. To judge by current practices, we must improve and broaden integrated procedures for encouraging these private producers with both loans and full banking services.

Hence, the generalization emerges by itself. The DSK is already more than a savings and loan institution with

these new activities and services, the "people's bank" will be a perceptible presence in every Bulgarian home and will be increasingly active in the nation's economic life.

[IKONOMICHESKI ZHIVOT] You mentioned the involvement of the DSK in solving the housing problem. Would you share with our readers what is new and characteristic in these activities for the institution which you head?

[Karamfilov] As I emphasized at the beginning of our conversation, one of the main areas in which we are changing our activities is the attitude of our institution to the comprehensive solution of the housing problem. On the basis of long experience in savings and loans for private housing, for the people's councils, and for governmental agencies for building and purchasing housing, conditions have been created for the DSK to assume financing and supervision in relation to all housing construction. Our branch offices now have information on the performance of the housing program in the obshinas and by using banking methods, can actually have an influence on performance, on reducing the amount of incomplete construction, and on improving the quality of housing.

During the 10 months since we assumed this new type of activity, we have encountered a number of difficulties, which derive from the shortage of building materials and construction workers as well as the complicated procedure for acquiring land and obtaining building permits. These and other problems greatly prolong construction and increase the costs of construction. This shows that the problems are many-sided and must be resolved by all participants in the investment process so that each can assume his responsibility and find his place in carrying out the housing program. As for our participation, I can state that the DSK as a bank is capable of providing the required credit for financing housing projects in accord with the plans adopted in the obshinas.

#### CZECHOSLOVAKIA

Lag in Economic Intensification Criticized  
24000010c Prague RUDE PRAVO in Czech  
29 Sep 88 p 1

[Article: "Why Intensification Is Lagging"]

[Text] It is well known that habits are hard to break. It is no wonder that the most difficult goal in preparing and gradually implementing an economic reform is the overcoming of the habituated ways of thinking and doing things. We are not facing these problems for the first time; for many years they have been and still are an obstacle to further development. This is true even of the

effort of transiting from the extensive form of management to the intensive form. This planned, necessary, and constantly stressed intensification is coming into being only rarely, although it is in society's interest that it unfold more quickly.

A not inconsiderable factor involved in this is the ingrained awareness of the successes achieved under the extensive form, regardless of the fact that these successes occurred long ago. The reality that it will entail taking much more difficult steps plays a definite role in the aversion to intensifying the operating methods. The natural human tendency toward convenience—and extensive means really are more convenient—prevents one from facing the truth: extensive development is no longer a means for achieving the kind of productivity, our society now urgently needs.

Enumerating all the differences between the two methods of management would yield a long list, but perhaps it is sufficient to learn at least one such difference to see that intensification is inevitable. Under the extensive method the performance of the production line increases only as the base is enlarged; under the intensive method, however, existing capacity is used more efficiently. To be specific, if using a machine eight hours a day does not yield a certain level of production, one need not buy another machine, but merely create conditions for its use for 16 hours a day. Or another example—if the quantity of goods produced from one ton of material is inadequate, that does not mean it is necessary to use two tons, but to find a more economical method of production.

It seems simple, but to realize in practice these textbook problems requires overcoming many problems. One machine may be barely capable of running for two shifts while the other ones run only one; a much broader intervention in the technological process is essential. But it is not an unsolvable problem and that is important to remember. Similarly, it is possible to produce twice as much from one ton of ore by changing the way the ore is worked. Indeed, our most widely used methods in certain cases yield 50 to 70 percent waste. Is this not a waste not only of ore, but also of the energy, labor, and other values needed for its mining? One can argue that it is cheaper than spending a great deal of money on new technology. Perhaps for them it is but certainly not for society.

It is possible to continue to prove that the methods of intensification are known and practicable. From a technological perspective, they have been resolved; from an economic perspective, they are calculated to be efficient and effective. What then impedes their application? As it is now fashionable to say, it is the human factor. Which, in this case, can be deciphered to mean aversion, laziness, or even hypocrisy. One would be hard-pressed to find somebody to defend the extensive measures over the intensive, but the moment it becomes he who must enforce and implement intensification he acts differently. Rather than find ways to apply it, he would rather

make extensive lists of problems which make it impracticable: there is not enough money (not that there would be a shortage had it not been squandered on maintaining obsolete equipment), that much foreign exchange is needed (he does not want to hear that foreign currency credits exist), that it is not possible to initiate a two-shift production because delivery schedules will not accommodate it or because he cannot find cooks for the afternoon shift, etc.

And so one prefers to continue the excessive consumption of raw and processed materials, even though securing such expenditures burdens society greatly. It is produced at high cost and, therefore, with low profit. The production does not meet the demand for certain types of products because the equipment in use cannot make it, and so forth. And not the least, supply and demand as well as the quality of goods are penalized by the sluggish intensification. And there is another visible link: sluggish intensification equals slow introduction of scientific-technological advances and the mutual linkage is unquestionable.

The consequences of sluggish intensification can be enumerated. Perhaps to understand the unenlightened human factor, it is enough to know that a low level of value adding processes has a decisive effect on the dilatory progress of intensification reflected in the inadequate pace of reduction of the material and energy intensive capital formation, where the five year plan goals have been met at roughly only one-half, which in the last two years has meant losses approaching 13 billion Kcs.

What can we add? The recent developments in the volume and structure of industrial manufacture have significantly exacerbated the situation. While industrial production has grown faster than planned, the significant share of this growth has come from the branches and specialties which are especially taxing on material and are energy intensive. The planned and necessary structural changes are proceeding slowly and this is one of the causes of the unsatisfactory rate of intensification and scientific-technological progress in practice.

With a certain amount of good will, how could intensification be accelerated? For example the efficiency of our capital base is declining as a result of aging equipment which has not been scrapped or replaced by new technology. While the import of machinery and equipment from nonsocialist countries has increased, their use has yielded little. Since the modernization plans have apparently not been sufficiently thought out, some manufacturing processes are being changed to little effect; learning to operate the new equipment, including the necessary retraining, would be relatively inexpensive.

Not meeting the asset formation requirements, along with the imbalances between the production and the sales, leads to growing inventories, to the point at which it exceeds the sum of current national income. In other

words—production cares little about the needs of their consumers and thus, more than one instance impedes even their possible efforts at intensification. Production determining demand is becoming a Czechoslovak specialty in today's world. This is not something of which anyone could boast.

In analyzing the structure of surpluses, two facts are disconcerting. First, a substantial volume of finished goods have little chance of ever being sold (why then were they produced?) and, second, materials are produced in quantities several times greater than the normal manufacturing consumption. One engineering plant recently ran a full-page advertisement in HOSPODARSKE NOVINY offering unusable surpluses for several million crowns, yet no significant changes in their manufacturing program have taken place.

Each of the random problems of sluggish intensification can certainly be resolved individually. But that the measures accepted thus far (for example, for radical reduction of inventories) are not effective, is basically rooted in the negative attitude and approach to an already long overdu requirement—to lead the national economy on the road of intensive development.

Perhaps our leaders and managers would do well to focus, as the first point of evaluation, on specific actions to take toward accelerating the intensification because the feasibility of further development of our society depends on it [acceleration of intensification].

#### Self-Financing in Foreign Trade Under Restructuring

##### Relations With Nonsocialist States

24000024b Prague HOSPODARSKE NOVINY in Czech  
30 Sep 88 pp 8-9

[Article by Eng Jan Strbe, Deputy Chairman of the State Planning Commission; Eng Josef Pancir, Deputy Minister of Foreign Trade; and Doc Eng Frantisek Pavelka, Deputy Minister of Finance: "Restructuring the Mechanism of Managing Economic Relations With Nonsocialist Countries Through Foreign Currency Self-Financing"]

[Text] At the beginning of next year fundamental changes will take place in the system of stimulating interest and strengthening the responsibility of our enterprises for an efficient development of trade with nonsocialist countries. We are presenting hereby detailed information on the measures which were adopted in this respect in accord with the program of a general restructuring of our economic mechanism.

Foreign trade, given the nature of the Czechoslovak economy, is of fundamental importance for the desired and essential intensification of the replacement process. Its development thus far reflects all the basic problems of our national economy. There is a growing tendency to

resolve domestic problems passively through foreign trade and not actively. In a situation where we have not been successful, particularly in relation to nonsocialist countries, in increasing export efficiency, it is not possible to resolve the difficulties in supply and demand and the disequilibrium in the domestic market by a systematic increase of imports. Such an approach is possible only as an exception, and it requires, in view of the unsatisfactory export efficiency, supplementary above-plan use of foreign currency resources. However, under such conditions the center must have the assurance that the necessary foreign currency resources will be created within the specified time. The tendency to increase demands for imports without at the same time also submitting specific proposals on how it will be possible to create foreign currency resources necessary to cover them, must stop. Moreover, it is essential to overcome a situation where further demands for foreign currency resources are growing in entities which are not increasing, and in many cases are lowering, their share in creating them, whereas organizations which show an above-average efficiency are having their tasks routinely increased. All these facts contribute to the ever increasing tension in the balance of payments, with the result that during the initial years of the Eighth 5-Year Plan it became necessary to turn to above-plan use of foreign currency resources to cover the most pressing import needs.

Such an approach is increasingly coming into ever sharper conflict with the tasks assigned for the area of foreign trade at the 17th Congress of the CPCZ, which designated the insurance of a permanent balance of trade as one of the decisive tasks of economic policy.

#### What the Experiment Indicates

Work on the restructuring of the economic mechanism in the sector of foreign trade, which ensues from the basic objectives of the comprehensive restructuring, must at the same time create even in the present transitional period realistic conditions for ensuring implementation of planned tasks in import and export, as well as in the development of the terms of payment with foreign countries. The first results of this work were used in formulating the principles of the Comprehensive Experiment in Increasing the Autonomy and Responsibility of Economic Organizations for Efficient Development, which were adopted by the CSSR Government toward the end of 1986.

On the basis of proposals submitted by the central branch agencies, altogether 22 organizations were included in the Complex Experiment in 1987. In accord with the rules of the Experiment, there has been in relation to these organizations a marked reduction in the number of mandatory indicators of the plan and a modification of the system of financial management, formation and disbursement of accrued wages, crediting, and price setting.

Significant changes also occurred in the area of foreign economic relations, particularly as far as foreign trade with nonsocialist countries is concerned. The setting of tasks which primarily characterize the volume of export and import by means of a detailed breakdown of the plan, as they are being assigned to organizations under the still generally valid regime, was abandoned.

As an alternative, the organizations were assigned a task either in the balance between export and import, or a foreign exchange norm expressing the share of payments for imports for their own production needs from funds obtained by exports of goods and services. At the same time the experimenting organizations were taken out of the system of foreign currency regulations with the proviso that the releasing of foreign currency will be done through the balance or the foreign currency norm.

During the course of 1987, the experimental mandatory indicator of the balance between export and import was applied in 15 organizations, the foreign currency norm in 4 organizations, and 3 organizations included in the comprehensive experiment in the area of foreign trade did not experiment. Since 1988, four more organizations have been experimenting with applying this type of norm.

The course and results of the experiment for the year 1987 have been evaluated basically as positive, particularly from the viewpoint of the economic organizations. At the same time, however, it has been pointed out in some instances that in certain areas the method is gradually being supplemented and elaborated. It must be said in this connection that it is precisely the conditions of verifying the new elements of the economic mechanism wherein lies the process of searching and gradual fine-tuning of the designated system in such a way that on the basis of gained insights and after necessary corrections it could be applied as a system operating across the board in the entire national economy and thus ensuring national interests as well as the justified interests of economic organizations.

The progress of the comprehensive experiment has been followed with this in mind and measures were adopted aimed at gradually reflecting the individual elements of the new economic mechanism as they were detailed in the concretization of the Principles of the Restructuring of the Economic Mechanism.

This process of a gradual completion of the new mechanism of management did not bypass even the area of foreign economic relations. Basically two decisive objectives were being pursued: to ensure an efficient division of the jurisdiction and responsibility between the economic center and the economic sphere in ensuring the implementation of the state plan in the area of foreign economic relations; and to create in this connection a realistic regime of foreign currency self-financing by economic organizations.

### Norm in Two Variants

From the point of view of the jurisdiction of the center and the economic sphere, a solution was adopted, based on the objective evaluation of the situation in the area of economic relations with nonsocialist countries, which holds that the center will continue to be responsible for ensuring equivalency in the balance of payments and the foreign currency position of the country, as well as ensuring foreign currency for such macroeconomic priorities as imports for domestic markets, mandatory investment projects, and R&D programs. These needs have an objective character and the system must ensure that they are covered by foreign currency by means of a binding instrument. Under the conditions of the new mechanism of managing foreign economic relations, this function will be performed by a binding indicator of a minimal levy.

This also was the thinking of the CSSR Government when it approved in its resolution No 324/87 the supplement to the principles of the Comprehensive Experiment, which provides that in relations with nonsocialist countries it will be possible to apply, besides the foreign currency norm specified in the Principles and Rules of the Comprehensive Experiment, also the variant of the norm which includes a minimal levy of foreign currency resources. The application of the foreign currency norm including the minimal levy of foreign currency to the center is assumed in the Directives for the Implementation of the Restructuring of the Economic Mechanism, in the form of a mandatory indicator of managing the relations of economic organizations in foreign trade with nonsocialist countries.

The difference between the foreign exchange norm according to the Principles and Rules of the Comprehensive Experiment and this new type of foreign currency norm consists in the fact that in the first instance the portion of the value of the earnings which the organization can retain for covering its import needs is set by a norm, whereas the second type of norm determines the extent of the levies of foreign currency resources from the foreign currency earnings of the organization to the center. This type of norm thus has the character of a levy and is moreover supplemented by a minimal value of foreign currency levy in absolute terms. At the same time the foreign currency norm of the levy and the minimal levy of foreign exchange assets is calculated on the basis of exports and imports assigned to a given organization and corrected according to the terms of payment.

The variant of the foreign currency norm which includes the minimal levy was incorporated into the directives using specific experiences gained within the framework of the comprehensive experiment. For during its course it appeared that a norm which expresses the share of possible payments of foreign currency earnings realized by export would not be sufficient incentive for economic organizations to maximize their exports. An across-the-board application of this type of norm would mean

serious risks in securing resources for covering macroeconomic priority categories of use (health care, defense, etc.) which will be of necessity defrayed by the center. This is documented also by this schematic example (data in Kcs millions fob):

	Plan	Actual	Difference
Export	1,000	900	-100
Import	100	90	-10
Norm	10%	10%	-
Resources for society	900	810	-90

Foreign currency resources which an organization was unable to create on the basis of this procedure (even if complying with the norm), would have to be covered by the center, which would significantly restrict the possibilities of realizing imports for the domestic market, health care, mandatory investments, and similar projects necessary to achieve the economic as well as the social objectives of society, and at the same time would lead to a serious disruption of the balance of payments.

In addition, we must keep in mind that almost 75 percent of economic organizations report an unfavorable balance in their exports and imports, and that the total unfavorable balance of these organizations in 1986, for example, amounted to Kcs 32 billion. In such cases it becomes necessary to subsidize the import needs of these organizations by the center. By reviewing the structure of these organizations with an unfavorable balance in export and import it becomes obvious that an overwhelming majority of them are organizations providing primary processing of raw materials, or, as the case may be, the contributory and budget organizations; for these objective reasons it is essential to subsidize adequately their imports by the center and thus also ensure continuous inputs for other domestic buyers of raw and processed materials and semifinished products. Those buyers then share indirectly through their foreign currency levies in foreign currency financing of those imports which they use after their primary processing in their own production processes.

Another matter which had to be considered when framing the new mechanism of managing economic relations with nonsocialist countries is the fact that economic organizations differ considerably in their involvement in export and dependence on earnings of foreign currency. The necessity to implement at this time a system of differentiated foreign currency standards predicated by the division of labor that has developed in the Czechoslovak economy, which is characterized by the fact that some organizations direct the sales of their products to markets in nonsocialist countries, others to socialist countries, and others still to the domestic market. The demands for implementing uniform foreign currency standards are at this time unrealistic, because they would lead to widespread irrational redistributing processes

among enterprises; under such a system, some organizations would have a regular surplus of foreign currency assets far exceeding their realistic import needs, whereas another group of organizations would find itself in the opposite situation. In contrast, the concept based on using differentiated standards creates a realistic basis for the functioning of economic organizations, further development in the incorporation of the organizations in the international division of labor, depending on to what extent they are able to increase their export efficiency and thus create for themselves adequate foreign currency resources for their own use.

The transition to the system of foreign currency standards will at first place great demands on the activities of the center as well as of the economic organizations. In view of the large numbers of these organizations, which will increase further in connection with the initiated restructuring of the composition of the production factors, and thus also of the large numbers of individually assigned tasks in the area of foreign economic relations, it is expected that in accord with the Directives the central agencies will have jurisdiction in this sector.

#### Regulations at Enterprise Level

At this time we thus find ourselves, as concerns the development of the system of managing foreign economic relations, in the stage of changing over from verifying some elements of the new mechanism at the level of selected economic organizations within the framework of the comprehensive experiment, to verifying it in the entire national economy. An across-the-board verification and implementation of normative planning in relation to nonsocialist countries is expected to begin, in accord with the resolution of the CSSR Government No 202/88 concerning the yearly operating plan for 1989, already in the coming year.

Considering the fact that at stake is a fundamental change of the method of ensuring the implementation of the tasks assigned by the plan for 1989 in the area of foreign economic relations, it is essential to create optimal conditions for a troublefree start-up of the new mechanism at the level of the center as well as of the economic organizations. This requirement looms particularly urgent in the present situation, when changes in the organizational structure of the fixed assets of the economy, a changeover to new wholesale and retail prices based on their comprehensive restructuring by 1 January 1989, and the realization of some further measures concerned with the overall restructuring of the economic mechanism, are taking place all at the same time. Concurrently with ensuring the organizational and methodical requirements of the restructuring of the economic mechanism, however, we must not lose sight of the need to ensure implementation of the tasks assigned by the annual operating plans for 1988 and 1989.

The importance of ensuring a sustained implementation of tasks assigned by the plan for 1988 and 1989 was emphasized by the CSSR Government in their discussions of the pertinent and systemic requirements of the restructuring of the economic mechanism. In this connection it enjoined the departments, among other things, to increase already in the annual operating plans the volume and efficiency of export, and at the same time to review the structure of imports with the aim to ensure that priority import needs are satisfied above all. But in many instances the work on the annual plans, in contradiction with this objective of the Government, again gave evidence of the tendency to push through more demands for imports, while at the same time the volume of exports remains basically stagnant. Under such conditions the risks connected with the transition to the principles of normative planning are increasing.

Nevertheless, it is necessary to accelerate the transition to this method of implementing the planned objectives of developing economic relations with nonsocialist countries, because the proposed system ensues from the direct linkage of the volume of foreign currency resources for imports to the foreign currency earnings at the level of the economic organizations. That means that the current system of regulating foreign currency, coupled with a considerable redistribution of foreign currency resources, will be replaced with regulations using new instruments directly at the level of economic organizations. Experiences gained within the framework of the comprehensive experiment show the viability of the principle of foreign currency self-financing and at the same time the possibility to overcome on this basis the existing inconsistencies between the planned formation of foreign currency resources, and the need for them stemming from the draft plans submitted by the central branch agencies.

In accord with the across-the-board application of the levy type of foreign currency norm, it will be also necessary to resolve the specific situations of those organizations which are verifying the functionality of the allocation type of norm according to the rules of the comprehensive experiment. In this connection we must pay extraordinary attention mainly to the preservation of the specific conditions under which these organizations function and which were guaranteed to them at the time they joined the experiment. We must, therefore, be careful when detailing the plan for 1989 that the appropriate branches do not assign additional tasks to these organizations. On the other hand, however, it will be necessary to move the management system of the experimenting organizations in an appropriate manner closer to the system which is about to be generally used in the area of foreign trade throughout the national economy. These problems are being speedily resolved in cooperation with the experimenting organizations and the appropriate departments. In accord with the resolution of the CSSR Government No 202/88 we expect that the foreign currency standards of levies of these organizations will be set in prices of market parity in the way they were set at the time they joined the experiment.

### Method of Normative Planning

Another decisive condition for the transition to the new mechanism of managing economic relations with nonsocialist countries is a thorough preparation of the methods of ensuring a uniformity of procedures by all entities participating in developing the plan in its new concept. Toward that end, Instructions on the Method for Setting Foreign Currency standards, Levies, and Allotments in the Area of Nonsocialist Countries for 1989 were drawn up in accord with the resolution of the CSSR Government and in cooperation with the Federal Ministry of Foreign Trade, Federal Ministry of Finance, and the Czechoslovak State Bank. At the same time were published the Instructions on the Method for Setting Foreign Currency standards, Levies, and Allotments in Relation to the Socialist Federal Republic of Yugoslavia for 1989, which plan out, with regard to the specifics of the economic relations with Yugoslavia, the transition to the normative planning in this area. The purpose of these instructions is to make uniform the procedures of all the agencies and organizations in the transition of the tasks in export and import to the system of foreign currency standards.

The Instructions mainly define the system of indicators of the plan and the method of computing them. They start with the premise that the subject of the plan in this sector are the individual economic organizations which have a direct khorraschet responsibility for realizing the planned relations with the center and for covering their own foreign currency needs. At the same time they represent a uniform directive for procedures by all interdepartmental and departmental central agencies and economic organizations in implementing the transition to the normative planning of economic relations with nonsocialist countries.

In 1989 we expect that some export and import categories will not be included in the calculations of foreign currency standards, levies, and allotments and therefore will not be the object of foreign currency self-financing at the level of economic organizations. According to the Instructions, for the purpose of setting the foreign currency standards the values of some imports and exports (see Chapter 3 of the attached Instructions) will not be deducted from the total values of exports and imports detailed to individual organizations.

The transition to the system of foreign currency standards, levies, and allotments assumes the transfer of the terms of payment to the economic organizations, even in the koruna sphere. Thus the responsibility will be transferred to the khorraschet sphere not only for implementing the substantive tasks of export and import, but also for the optimization of the cash flow based on independent decisions by individual organizations. In addition, the procedure for correcting export and import tasks by the terms of payment in foreign trade operations is uniformly delimited in the Instructions in a formalized form.

Only the values of export and import adjusted by values of the above mentioned categories in export-import

relations and corrected by terms of payment form the basis for determining foreign currency standards, levies, and allocations for individual economic organizations.

Then, in accord with the Instructions on Methods, the following will be determined by the plan in the area of economic relations with nonsocialist countries, based on the values of exports and imports realized by following the above procedures:

- a) for organizations with a favorable balance in export and import, a differentiated foreign currency norm of levies and a minimum levy of foreign currency resources (in absolute value) from the foreign currency earnings to the center.
- b) for organizations with an unfavorable balance in export and import, maximum allocations of foreign currency resources from the center and minimum value of export.
- c) for organizations which are planning only exports, minimum levy of foreign currency resources from their foreign currency earnings to the center.
- d) for organizations which are planning only imports, maximum allocations of foreign currency resources from the center.

At the same time, the values of exports and imports which are used as the basis for calculating foreign currency standards, levies, and allocations, are expressed at the level of price "all charges prepaid to Czechoslovak border", that is, at the same level at which tasks of the state plan are set.

To insure a full khorraschet responsibility of production organizations and foreign trade organizations for the results of foreign trade activities, the application of this price base is the most logical. For it assumes on one hand a common interest of production and foreign trade in a rational management of direct foreign trade expenditures and on the other hand it gives a specific professional responsibility to organizations, entitled to carry on foreign trade activities, for efficiently implementing individual operations undertaken in this area (international transportation, insurance, final assembly and installation costs, commissions, etc.).

We do not expect, therefore, as was the case in the system of trade parity, a normative limiting of the volume of direct marketing expenses for an organization, which made it actually impossible to export to more distant destinations. Limiting the volume of direct marketing expenditures abroad made such exports loss-making for the economic organization, even though otherwise it was profitable in terms of foreign currency.

The system of normative planning on the basis of prices "all charges prepaid to Czechoslovak border" thus makes it possible to retain the congruity of the economic plans with the state plan, for economic organizations to decide independently the optimal territorial structure of

their export-import relations, and to integrate to a much greater extent Czechoslovak transport organizations into foreign economic relations, and thus also limit the thus far too high a share of foreign carriers in the shipping of Czechoslovak goods.

The calculation of the foreign currency norm is done according to the formula:

export (fob) minus import (fob) divided by export (fob) and multiplied by 100

where the absolute value of the minimum levy in Kcs is given by the difference determined by the numerator of this fraction.

The value of the maximum allocation is given by the difference between exports and imports and represents the maximum value of the contribution by the center to meet the foreign currency requirements of an economic organization.

The system of normative planning at the same time also assumes a strong stimulus to the interest of organizations to exceed tasks assigned by the plan. In that respect it assumes that for organizations which will fulfill the minimum levy and realize more exports, or exceed the minimum value of exports, the incentive foreign currency norm of levies will be applied. Its value for 1989 is set at 60 percent, which means that from each above-plan value of exports the organization will retain 40 percent for its own use. This system will stimulate especially those organizations which in view of a considerable divergence between the values of export and import will have a high foreign currency norm of levy set by the plan. As far as organizations which have their planned foreign currency norm of levy set at a level lower than 60 percent are concerned, they will observe this foreign currency norm even when disbursing foreign currency earnings gained by additional export.

#### Work on Restructuring Does Not End

A significant role in setting foreign currency standards, levies, and allocations for economic organizations and in implementing the tasks of the state plan within the framework of the transition to a normative planning of foreign economic relations belongs to the central branch agencies. The first priority is a good detailing of export and import tasks to the economic organizations in such a way so as to ensure conditions for an overall implementation of the tasks of the state plan on the one hand, and the creation of realistic conditions for the functioning of the principles of foreign currency self-financing on the other.

At the same time, however, the publication of the Instructions on Methods does not mean that the work on the restructuring of the economic mechanism is over for the interdepartmental organizations. On the contrary, a number of issues concerning the functioning of the entire new mechanism of directing economic relations with nonsocialist countries await resolution.

These are mandatory issues such as, for example, the completion of:

- the rules for the functioning of the centralized foreign currency resource as a foreign currency fund ensuring on the one hand the balancing of the levies-allocations relationships realized by economic organizations, and on the other hand foreign currency financing of export-import relationships which do not fall under normative planning including macroeconomic priorities;
- the rules for the conduct of foreign currency management and system of foreign currency billing of the organizations;
- the system of financing and crediting in korunas of export-import under the conditions of normative planning, when the terms of payment are transferred to the economic organizations of production;
- the system of instruments of the trade policy to ensure an optimum substantive and territorial structure of foreign economic relations, etc.

This involves a great many other problems, and their resolution will have to be done in the context of the total concept of the economic mechanism and the resolution of the CSSR Government No 202/88. The specific tasks connected with the transition to a new mechanism of managing economic foreign relations will have to be resolved at the level of the appropriate interdepartmental central agencies.

This involves a demanding process directed at a fundamental change in methods and forms of managing the relations of economic organization to foreign trade. To carry the process through will require an active cooperation of all interested agencies, directed at implementing the adopted resolutions. The economic relations with nonsocialist countries will thus become the first sample area where in 1989 the verification in the entire national economy of the elements of the new economic mechanism will begin.

#### Foreign Currency Setting Instructions

24000024b Prague HOSPODARSKE NOVINY in Czech  
30 Sep 88 p 9

[Published by: State Planning Commission, Federal Ministry of Foreign Trade, Czechoslovak State Bank, Federal Ministry of Finance]

#### I. Instructions on the Method for Setting Foreign Currency Standards, Levies, and Allocations in the Area of Nonsocialist Countries for 1989

To implement the tasks assigned by the annual operating plan in economic relations with nonsocialist countries, the following has been determined for the year 1989:

1. In directing the foreign trade activities and foreign currency management of an organization, the starting point is the value of export and import in fob prices set by the state operating plan for 1989.

2. The planned objectives, determined by the state operating plan for 1989, are to be implemented in organizations by means of foreign currency standards, minimum levies, and maximum allocations, and by this means the responsibility for the terms of payment abroad in both the koruna and the foreign currency areas will be transferred to the organizations.

3. For the purpose of establishing foreign currency standards, minimum levies, and maximum allocations, the following values will be deducted from the total value of export and import assigned to a given organization for 1989:

—value of export and import designated for a special purpose;

—value of the import of machinery and equipment for capital investment designated as mandatory tasks of the state plan, in accordance with Appendix No 0-71a of the state plan;

—value of imports paid from the R&D fund;

—value of imports for the consumer goods inventory;

—value of imports within the framework of agreements on cooperation;

—value of import and export to pay interest on DNU [as published];

—value of deliveries for the foreign trade enterprise Tuzex;

—value of export within the framework of state credits, including economic assistance.

4. The values of export and import calculated according to paragraph 3 at the level of prices quoted as "all charges prepaid to border" will be further adjusted according to the terms of credit and payment.

5. Thus obtained values of export and import in prices quoted as "all charges prepaid to Czechoslovak border" and corrected according to the terms of credit and payment (further referred to only as "corrected export and import") will be used as the starting values for establishing foreign currency standards, minimum levies, and maximum allocations.

6. On the basis of the relationship between the corrected export and corrected import, individual organizations will be assigned the following:

a. foreign currency norm (in percent) and a minimum levy (in absolute value) for organizations with a prevalence of corrected export over corrected import;

b. maximum allocation and minimum value of adjusted export for organizations with a prevalence of corrected import over corrected export;

c. minimum levy for organizations which only export;

d. maximum allocation for organizations which only import.

7. In the case that:

—an organization that has been assigned tasks according to Paragraph 6a, fulfills the minimum levy of foreign currency resources, or

—an organization that has been assigned tasks according to Paragraph 6b achieves exports higher than what has been used for calculating the value of maximum levy of foreign currency resources, or

—an organization that has not been assigned tasks according to Paragraph 6 and will export, or

—an organization that only planned import and will export,

the established incentive foreign currency norm of levy of foreign currency resources will be uniformly applied.

8. The levies of foreign currency resources will be paid by organizations from their foreign currency receipts, adjusted by the calculated PONZ [as published] to the value at the fob level, which they earned through their own exports or from the internal assets of the organization.

The calculation of the proposal for the foreign currency norm, minimum levy, and maximum allocation for an individual organization is the responsibility of the appropriate central branch agency.

10. To ensure uniform procedure toward all organizations the table and work procedures contained in the appendices A and B of these Instructions on Methods will be used.

11. The value of corrected imports will be adjusted uniformly in relation to all organizations by the coefficient 0.98 as a share of the organization for the defrayment of costs of the debt service by the state.

12. The maximum allocation (for organizations according to paragraphs 6b and 6d) will be credited quarterly by the bank to the organization's account allowing the necessary lead time with respect to the developments in

the balance of payments. Similarly, the total yearly value of the allocation granted to an organization will be limited by what the balance of payments will allow.

13. The minimum levy is subject to quarterly accounting. In justified cases (seasonal exports and imports) the bank can set up a corresponding regimen of minimum levies for the organization.

14. The organization which does not fulfill its required quarterly levy, will have its levy increased by the unfulfilled portion in the next quarter.

15. When taking on an obligation to the foreign party to a contract, foreign currency collection and payment calendars, which organizations set up and routinely supplement in cooperation with the appropriate foreign trade agencies and submit to the bank, will be used as a starting point.

16. For organizations which are subject to normative planning, the bank will set up control foreign currency accounts from which the organizations will defray its foreign currency expenditures.

17. The appropriate central branch agency, CKPV and SIJPV [as published], will submit by 30 September 1988 to the State Planning Commission, the Federal Ministry of Foreign Trade, the Czechoslovak State Bank, and the Federal Ministry of Finance the total values of minimal levies and maximum allocations, including a summary of the values of exports and imports used to calculate the standards according to Chapter Cl of these Instructions. At the same time it will submit as an appendix Section C of the Instructions on behalf of individual organizations. In the event that it concerns a central branch agency directed by either the CSR or the SSR Governments, the mentioned items will be submitted by either the CKPV or the SIKPV agency.

18. For selected organizations, where the foreign currency norm will be verified on the basis of sectoral enterprise prices, a special regimen will be established.

19. Operating instructions for foreign currency items not included in the norm (i.e., defrayed in foreign currency from the central foreign currency resource) and principles of directing territorial orientation of foreign economic relations will be published during the course of the third quarter of this year.

20. In organizations, which are subject to normative planning, the decree of the Federal Ministry of Finance and the Federal Ministry of Foreign Trade concerning foreign currency profit sharing in foreign trade activities will not be applied, with the exception of Sections 6 to 9.

## II. Instructions on the Method of Setting Foreign Currency Standards, Levies, and Allocations in Relation to the SFRY for 1989

Exceptions to the Instructions on Method for the area of nonsocialist countries:

3. For the purpose of setting foreign currency standards, minimum levies, and maximum allocations the values of export and import realized within the framework of long-term arrangements with state participation (M and NK agreement [as published]) will be deducted from the total values of export and import, realized without cooperation, detailed for given organizations.

6. In relations with SFRY the following has been determined:

a. foreign currency norm in percent and a minimum levy in absolute value for organizations with a prevalence of export over import;

b. maximum allocation and minimum value of corrected export for organizations with a prevalence of import over export;

c. minimum levy for organizations which engage only in export;

d. maximum allocation for organizations which engage only in import;

e. nominal tasks.

20. Import of construction work from SFRY, begun after 1 January 1989, under which is understood only work delivered by construction organizations from SFRJ—carried out by their workers and with their production means—is not a part of the calculation of the norm. It is defrayed as a matter of policy by the investor from the foreign currency resources created by its own export or by the export of other organizations within the framework of agreed upon linkages. At the same time, the investor is responsible for:

—the import of construction work being covered by investment capital from his budget;

—ensuring deliveries of equipment, materials, and products for the construction within the framework of payment allocations set in advance.

The export of selected and centrally accounted items linked to import of construction work is possible only with the approval of the State Planning Commission.

The defrayment of the import of construction work is made according to the principle that earnings from export precede payments for construction work. This condition must be included in the contract with the Yugoslav organization.

The import of construction work begun prior to 1989 will be concluded according to previously approved conditions.

21. Export and import according to contracts on production cooperation and specialization, joint investment, and other kinds of direct relations proceeds in mutual balance apart from the state plan and is only under controlled supervision.

Export of selected and centrally accounted items requires the approval of the State Planning Commission which is given for the entire duration of the contract with the condition that the export must not endanger the fulfillment of the state plan.

22. The tasks of organized travel will be detailed by the Czechoslovak State Bank in agreement with the Federal Ministry of Foreign Trade in the following manner:

—Foreign currency earnings from active tourism with the SFRY as a minimum with the proviso that additional earnings the travel organizations can use to defray passive organized tourism which is higher than planned.

—The difference between the planned expenditures for passive tourism with SFRY and the planned foreign currency earnings from active tourism as a maximum allocation from the CDZ-J [as published] to individual travel organizations with the proviso that the allocations for passive tourism will not be reduced if the foreign currency earnings required by the plan are exceeded.

For other points see "Instructions on the Method for the Area of Nonsocialist Countries."

## POLAND

### Need for Economic Ties to Developing Countries Discussed

26000192b Warsaw *RZECZPOSPOLITA* in Polish  
22-23 Oct 88 p 11

[Article by L. K.: "Reorientation of Contacts Is Necessary"]

[Text] Prof Dr Zbigniew Dobosiewicz gave an interesting lecture on the topic "Polish Economic Relations With the Developing Countries" within the framework of monthly public lectures sponsored by the Polish Institute for International Affairs.

He described in detail the environment for economic and commercial contacts between Poland and the developing countries over the past 3 decades. He stressed that, despite various problems, our trade with the developing countries does not look bad. It is different from contacts with the socialist states or capitalist countries.

In recent years we have registered considerable currency surpluses in [trade with] these countries. This trade is profitable, but on many occasions risky, because we are dealing with several dozen partners. Overall, countries of the Third World account at present for about 10 percent of the turnover of our foreign trade.

In the early 1980's we were able repeatedly to purchase in these countries the goods that allowed our economy to keep moving. The trade surplus we are generating with these countries often does not amount to real proceeds in the same year. Often, the proceeds are received later.

At present it is necessary to reorient our contacts, to select markets, and look for new partners who have recently gained renown in the world. Continuous differentiation in the array of our trade and economic offers is important in this respect.

### Bonds Intended To Replace Subsidies, Finance

#### Economic Initiatives

26000195 Warsaw *RZECZPOSPOLITA* in Polish  
2 Nov 88 pp 1-2

[Interview with Zygmunt Zdyb, adviser to the minister of finance, one of the authors of a newly passed bill on bonds, by Zofia Krajewska: "Bonds—A Key to Investment"; date and place of interview not given]

[Text] In late September, the Sejm passed a law on bonds. This event did not draw much response in view of the weighty developments in recent weeks. However, in the circle of economic functionaries, the new regulation is acknowledged as a resolute step forward, as an efficient way to solve many financial and investment problems, and even that of inflation.

We approached Zygmunt Zdyb, an adviser to the minister of finance and one of the authors of the newly adopted law, for an interview concerning the law, bonds and, in general, the capital market.

[*RZECZPOSPOLITA*] Let us begin from the fundamental question—what is the significance of the law on bonds for the economy?

[Zdyb] [It means] a return to the properly operating capital market, to the issuance of and trade in securities unrestrained by administrative regulations. In other words, the September law releases a significant source of financing for various undertakings. Thus far, bank loans and subsidies have been practically the only forms of "external" financing for enterprises. At present, an opportunity to secure funds for investments by issuing bonds is opening up on a broad scale.

[*RZECZPOSPOLITA*] What is "broad scale" supposed to mean?

[Zdyb] I could cite the example of Western states. However, I would rather refer to statistics of the Polish economy in the period between the [world] wars. According to the available data, the value of bonds issued amounted to over 3 billion zlotys of that time in the years 1930-35. It was almost equal to the value of all other securities. It was a considerable addition to credit creation by banks. With the current state of affairs in mind, I believe that we should soon arrive at a situation when bank loans would amount to 50 percent of funds in financial and economic circulation in Poland. The other half would be generated by bonds. One more piece of information—cash held by the populace is now estimated to be over 2 trillion zlotys.

[RZECZPOSPOLITA] I understand that you, as a coauthor of the new law, have to exude official optimism. However, enterprises already have the right to issue bonds and accumulate the necessary investment funds. Before the end of September, only three enterprise in all of Poland had taken advantage of this right.

[Zdyb] Yes, and the value of bonds issued came to merely 20 billion zlotys—a drop in the bucket. However, there is an explanation for the current reluctance to solve financial problems autonomously by issuing bonds. Regulations on the issuance of bonds and their sale in effect through the end of October were burdened with numerous restrictions. Only state enterprises were entitled to issue bonds, and only socialized units were entitled to purchase them. Issuing bonds required a special permit by the minister of finance and a favorable stance of the parent agency on a case-by-case basis. It used to be faster and easier to secure bank loans than "to bend over backwards" in the name of autonomy.

[RZECZPOSPOLITA] And, in your opinion, the new law will change this state of affairs radically?

[Zdyb] Maybe not right away. However, when these regulations take effect in November, they will provide a formidable foundation for transformations in the capital market and the transfer of funds. The primary reason is that they cancel administrative restrictions entirely, dispense with the requirement to secure the consent of the minister of finance and grant total freedom in issuing and selling bonds. Very soon, any unit which is a corporate person will be able to issue bonds, and that includes socialized and private units, as well as social organizations, foundations and people's councils. The law expands the ranks of potential bond buyers, admitting individuals. By virtue of this, bonds may become, in light of the new regulations, generally used and comprehensively available securities. I agree that this takes time, due to overcoming the routine in thinking and operating, if nothing else. Unfortunately, for many years we purged notions such as bonds, shares, and securities from our daily economic vocabulary, from economic practice.

[RZECZPOSPOLITA] We were so successful at this that by now many directors of major enterprises have no idea of what bonds are and how they can be used. Therefore, we may begin with elementary economics, or an explanation of what bonds are all about.

[Zdyb] As briefly as possible: bonds are securities which entail classical obligations of the issuer floating the bonds to repay the amount lent to him with the purchase of the bonds and to pay interest due from the moment the bond is sold to the moment it is fully repaid. According to the law, bonds may be issued either to a specific entity or to the bearer. Polish regulations give a marked preference to the latter.

[RZECZPOSPOLITA] What does this preference mean?

[Zdyb] It means that the legislation markedly restricts and specifies the situations when the issuing agency may use bonds for specific entities. Practically, this is only allowed when the issuer of bonds has to restrict the circle of purchasers in order to protect their interests, e.g., due to limited potential for providing so-called companion benefits allowed along with interest on the loan, which assume the form of deliveries of goods or services.

[RZECZPOSPOLITA] Let us sum it up: bonds are a form of interest-bearing loans, which the issuer is obligated to repay, together with interest, at a strictly predetermined time. The law also allows for obligations of a tangible nature. However, I still do not see in all of this an argument in favor of issuing bonds rather than securing bank loans in order to finance undertakings.

[Zdyb] Firstly, it should be recalled that bank loans to enterprises are becoming increasingly hard to obtain. Secondly, given the current hunger for goods, materials and services, issuing bonds may turn out to be considerably cheaper for enterprises, companies or foundations than bank loans. The rate of interest is set by the issuer himself. If he is a producer of goods in short supply, he may set this rate at a relatively low level, because the purchasers of bonds will be more interested in companion benefits rather than the interest rate. In the case of three enterprises which have already gone ahead and issued bonds, the interest rate is between 1 and 6 percent, whereas the bank may charge as much as 18. The purchasers of the bonds got guaranteed supplies in return.

[RZECZPOSPOLITA] Certainly, the material aspect is convincing, but only for producers purchasing raw and other materials from the issuer. What about private individuals?

[Zdyb] Access to goods and services in short supply may be no less attractive for private individuals purchasing bonds. After all, a purchase of bonds with companion, material benefits provided by the issuer may mean, for example, having a phone installed sooner, doing land reclamation or purchasing a color TV, washer or freezer.

However, let me stress that companion benefits must be a result of the undertaking carried out and financed through the sale of bonds. On the one side, the purchaser of bonds has an opportunity to obtain the item sought, whereas the issuing enterprise gets an opportunity to boost production and deliveries.

[RZECZPOSPOLITA] What about those who do not produce very attractive goods, and whose planned undertakings are not of a market or supply-oriented nature?

[Zdyb] Manipulating the interest rate can always be done. It is enough for the interest rate to be adequately higher than at the bank in order for bond purchases to make more sense for people with cash on hand than putting savings in their PKO [General Savings Bank] accounts. As follows from the above, bonds may give healthy competition to banks and force more flexible and favorable interest rates on deposits in general.

[RZECZPOSPOLITA] However, the PKO does not involve risk, and bonds do. For example, what will happen if an undertaking financed by bonds turns out to be an economic failure?

[Zdyb] The law introduces certain limits on the volume of bonds issued with a view to defending the interests of purchasers. According to the new provisions, the value of bonds issued cannot exceed 50 percent of the statutory fund in enterprises, of the initial fund in companies and proprietary funds in organizations. In the case of people's councils, the cutoff is set at 20 percent of their own annual proceeds. It is possible to cross this line, but on the condition that the issuer receives guarantees by a bank or another economic unit. Therefore, there is protection in the event of an investment failure.

[RZECZPOSPOLITA] You have stressed that, beginning in November, issuing bonds will require no administrative endorsement at all. In short, bonds will be circulating free of any reporting requirements. How will potential purchasers be able to find out who is issuing bonds, in what amount and with which obligations? Is there not a threat of trading behind closed doors, especially in cases where attractive companion obligations are a part of the process?

[Zdyb] Certainly there is not. As it were, the law imposes one organizational condition—bonds can only be issued by public subscription, or an announcement in the mass media. Such announcements must contain information on the purpose and size of issue, conditions of repayment, interest rate and companion benefits, economic status of the enterprise, especially the volume of profit generated in the year preceding the issue, and prospects for profit as a result of the undertaking financed by bonds. When a company, cooperative or social organization is the issuer, a statement by certified accountants should be included in the announcements.

[RZECZPOSPOLITA] Therefore, one should leaf through advertising pages?

[Zdyb] Between the [world] wars, all such advertisements were published in MONITOR POLSKI. I believe that at present RZECZPOSPOLITA, which is popular among economic functionaries, could take over this role.

#### Possibility of Free Trade Zone in Warsaw District Viewed

26000218b Warsaw TRYBUNA LUDU in Polish  
16 Nov 88 p 1

[Article by (kaz): "A Hong Kong in Mokotow?"]

[Text] Free trade in Mokotow? Pulawska Street overflowing with neon lights and advertising signs, with shops open 24 hours a day and selling all kinds of things, from professional computers to McDonald's hamburgers?

"This is not a daydream but a realistic vision. Several years from now, this is exactly how our neighborhood may look," says Wieslaw Mazur, deputy administrator of Mokotow. "We want to make Mokotow into a special economic area (SSE). Because of this, it will become a separate area where free trade for zlotys and hard currencies will proceed tax free.

"The difference between the SSE and a duty-free zone should be only the fact that this is not a carved-out area, as, for example, in Szczecin, but an entire administrative area, in this case a neighborhood.

"To date, there have not been provisions in Poland that clearly regulate the issue of setting up Special Economic Zones. They should be prepared as soon as possible. Since the mayor of the capital is interested in such a zone emerging in Warsaw, I count on overcoming these obstacles with his help.

"Upon the establishment of the SSE in Mokotow, most economic measures will be geared toward creating conditions for the development of electronics and biotechnology firms, to be located in the neighborhood and elsewhere. Consignment warehouses with various parts and subassemblies needed for them will be created.

"These warehouses will also be the base for setting up enterprises of other industries in Mokotow and for investment by foreign capital. For example, recently a group of Turkish financiers made a preliminary offer to invest \$500 million in Mokotow. Among other things, they want to build a hotel. Other Western partners have also submitted similar offers.

"The participation of foreign capital in developing the SSE in Mokotow should promote the expansion of retail facilities, hotels, and tourism."

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14 Feb 89